



Daily Report

China

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General

PRC: Senior PRC Official: Beijing Ready for CTBT Compromise

OW1405061496 Tokyo KYODO in English
0458 GMT 14 May 96

[FBIS Transcribed Text] Geneva, May 13 KYODO — China is ready to make compromises on concluding a Comprehensive Test Ban Treaty (CTBT) by the end of June and sending it to the UN General Assembly for signing in September, a senior Chinese official said Monday [13 May].

Sha Zukang, China's ambassador in charge of disarmament, told reporters that Beijing is willing to make compromises on its demand that the CTBT allow so-called "peaceful nuclear explosions" in order to settle the issue as scheduled.

The Chinese envoy also said his country was ready for negotiations concerning conditions to give permission for on-the-spot investigations where illegal explosions are suspected.

His words, which apparently show China's easing of its previous stance that "peaceful nuclear explosions" should be exempt from the CTBT, were likely to give a boost to the resumed UN-sponsored negotiations on establishing the treaty, diplomatic sources said.

But touching on China's planned nuclear testing in the near future, sha said, "we do not rule out the possibility, because we have not declared suspension of nuclear testing. We may carry out testing several times."

China recently made a compromise, saying peaceful nuclear explosions should be allowed under a system of strict checks to receive approval for such testing.

Sha indicated China's readiness for another compromise, saying, "we are willing to show our flexibility to a certain level."

Sha refused to disclose any details concerning the flexibility, but insisted that other member nations should also make compromises.

China formerly maintained it would not be necessary to reach an agreement on the treaty until the end of this year.

Sha, however, said Beijing has no objection to the original schedule of establishing the treaty by the end of June and signing it in September, a timetable which is supported by a large majority of participants in the negotiations.

PRC: Spokesman on Failures of Ongoing IPR Talks With U.S.

OW1405085896 Hong Kong AFP in English
0844 GMT 14 May 96

[FBIS Transcribed Text] Beijing, May 14 (AFP) — Last-ditch talks aimed at averting a trade war between China and the United States were extended Tuesday [14 May], but China warned the copyright negotiations had so far been a failure.

"The consultations have failed to make any positive progress so far," said Foreign Ministry spokesman Cui Tiankai.

"The US side did not make any favorable reactions to the position expressed by the Chinese side" on the protection of intellectual property rights (IPR), he added.

US Assistant Trade Representative Lee Sands had extended talks scheduled to end at midday Tuesday with Chinese IPR officials and would continue his meetings right through the afternoon, a US embassy spokesman said.

But sources in Washington said the White House was expected to announce Wednesday a list of Chinese imports — mostly toys, clothing, and electronics — liable to be hit with three billion dollars in sanctions because of Beijing's failure to implement a February 1995 agreement on IPR protection. The list will be narrowed over the ensuing month to two billion dollars and will take effect June 15 unless China agrees to US demands that it crack down harder on factories producing bootlegged compact disks (CDs). China rejects the allegations that it has failed to keep its end of the 1995 accord and Cui once again urged the United States to stick to negotiations and refrain from sanctions.

"Sanctions or the threat of sanctions will do no good... [ellipses as received] They will have a serious and adverse impact on economic and trade relations between the two countries," he said.

China has threatened tit-for-tat sanctions against the United States if it goes ahead with its threats.

"Our hope is that the United States will think seriously before taking action," Cui said.

"The Chinese side in utmost sincerity has once again made clear the fact that it had already comprehensively fulfilled the obligations it has undertaken in the Sino-US agreement on IPR," he added.

Sands arrived in Beijing Sunday after spending the weekend in the southern province of Guangdong, where most of the CD plants said by Washington to be engaged

in piracy are located. He reportedly held talks with local officials on the problem. Washington concedes that Chinese authorities have targeted traders of counterfeit goods in the last year, but complains that they have all-but ignored the source of the problem.

It alleges that the number of CD plants in China has risen in the past year from 29 to 34 and that all are producing fake discs. Chinese IPR officials reject the claim, saying Beijing has closed down three rogue factories and placed its remaining 31 CD plants under strict government supervision. They also warn that China cannot wipe out piracy overnight.

This latest skirmish in the long-running Sino-US copyright battle follows six weeks of relative calm in the stormy relationship between Washington and Beijing.

In March, a showdown over Chinese intimidation of Taiwan ahead of the island's presidential elections resulted in the United States sending two aircraft carriers near to the nationalist island.

US analysts have said that although Washington last week decided against imposing sanctions on Beijing for alleged sales of nuclear technology to Pakistan and was also likely to renew China's most favoured nation trading status, it would stand firm over copyright issues.

US software and entertainment industries estimate global losses resulting from Chinese piracy last year at more than two billion dollars. China dodged the threat of IPR sanctions last year by agreeing to the Sino-US IPR deal after tough talks that lasted right up until the US deadline for implementing sanctions. Sands is due to leave Beijing Wednesday.

United States & Canada

PRC: Beijing To Continue Stern Measures Against IPR Violations

*OW1305122996 Beijing XINHUA in English
1212 GMT 13 May 96*

["China living up to Sino-US IPR accord: Official" — XINHUA headline]

[FBIS Transcribed Text] Beijing, May 13 (XINHUA) — China has fully implemented the Sino-US intellectual property rights (IPR) agreement signed last year, a senior Chinese copyright official said here today.

China has made breakthroughs in nationwide crackdowns on piracy and already contained the once-rampant infringement of IPR in some areas, said Wang Huapeng, director of the Copyright Department of the National Copyright Administration (NCA).

"China has done a better job than any other country in the world in its resolute protection of IPR, fulfillment

of international obligations and use of administrative powers to close down plants producing counterfeit CD products," the official said.

According to him, it is rare for disputes concerning IPR to be settled by government and judicial departments, as in China, as most are handled by courts only.

Over the past two years six Chinese ministries, commissions or bureaus have joined hands in the nationwide effort to wipe out IPR infringement and piracy, including the State Press and Publications Administration (SPPA), the NCA, the Ministry of Culture, and the State Administration for Industry and Commerce.

China has also passed a number of laws and regulations concerning IPR protection, becoming one of the few countries with a full IPR protection system.

During the last two nationwide winter campaigns against piracy, six CD plants were closed down and their licenses were revoked after they were found to have produced pirated or pornographic products in Guangdong, Jiangsu and Hainan provinces.

China's all-out efforts directed at piracy and its efforts to protect IPR have been motivated by its own need to promote the development of its culture and publications in a healthy and orderly manner.

Commenting on the reports by some overseas media that there are more than 40 CD plants in China churning out counterfeit CDs, Wang said such reports are false, adding there are only 34 CD plants in China, including three which were denied re-registration during the past nationwide rectification efforts.

He said 29 of the 31 CD plants re-registered by the SPPA are joint ventures.

The SPPA and NCA have sent two officials to each of the 31 CD factories to supervise their production and make sure they do not violate IPR, Wang said.

The official said the supervisors will be replaced every three months so as to ensure that the supervision is effective and just, Wang said.

He noted that both the NCA and SPPA have ordered the CD plants to print "source identification data" on their products so that those without such information can be easily recognized as illegal.

Like drug smuggling and abuse, IPR piracy is an international issue, and it is very difficult to root it out in a short period of time, the official said.

"China will continue to take stern actions against infringements and protect the legitimate rights and interests of IPR owners," Wang added.

PRC: Editorial Accuses U.S. of Trade 'Blackmail' Policy

*HK1405071796 Hong Kong WEN WEI PO in Chinese
14 May 96 p A2*

[Editorial: "Hell With U.S. Trade Blackmail Policy"]

[PTS Translated Text for FBIS] On 30 April, The Office of the U.S. Trade Representative again unreasonably listed China as a key state violating Article 301 of the intellectual property rights [IPR] in 1996. It also accused China of being ineffective in IPR protection, and threatened to impose trade sanctions against it. The main content of the sanctions is to levy punitive tariffs on China's products exported to the United States amounting to \$2 to \$3 billion. This shows that the United States is again resorting to blackmail against China in the economic and trade fields.

Last year, China and the United States reached an agreement on the IPR issue. Over the past year, China has conscientiously and fully carried out its duties stipulated in the agreement. It has promulgated a series of laws and regulations on IPR protection, improved its law-enforcement and supervisory system, strengthened the IPR management work, cracked a large quantity of IPR infringement cases, and punished violators according to the law. The Chinese government has attacked not only retailers involved in the IPR infringement, but also production sources and collection and distribution centers of products involved in IPR infringement. It has taken firm and decisive measures to investigate, prosecute and close a number of enterprises guilty of IPR infringement. Proceeding from a macroscopic point of view, China started legislation and law enforcement of IPR in 1982, and has established a comprehensive legal system of IPR protection. Over the past 10 years or so, the expeditiousness of China's legislation in this regard has been unprecedented. This has been highly praised by persons in the international judicial circles. Although China started late court trials on IPR infringement cases, its starting point was good, and its level of legislation and law enforcement has been comparatively high.

The United States has made a big issue out of IPR protection in China. Actually, the accusation laid by the U.S. side does not hold water. First, the U.S. side has turned a blind eye to the efforts and achievements made by the Chinese side in IPR protection and the implementation of the Sino-U.S. agreement over the past year. This is a surprising attitude. China has undoubtedly done a lot of serious and conscientious work in this regard to protect both Chinese and foreign IPR. But all this does not exist in the eyes of the U.S. government. If the United States completely negates China's actual results, this means its purpose in signing

the agreement is not to promote cooperation between the two sides to protect IPR. On the contrary, it takes the agreement as a means for putting pressure on China. In such a way, whether the Chinese side has implemented the agreement is not determined by the actual results scored by the Chinese side, but one-sidedly decided by the United States. Second, the United States has not carried out its duties stipulated in the Sino-U.S. agreement, such as supporting China to join the World Trade Organization [WTO], exchanging with China enforcement information on IPR, and protecting China's IPR. The United States has not done well in this regard, but it sues China first. Furthermore, some U.S. congressmen called China a "pirate." But hurling insults cannot replace negotiations and consultations among nations. This can only reflect ignorance and arrogance of the U.S. politicians.

IPR protection is a common task of the international community. Although developed countries like the United States started legislation and law enforcement in this regard earlier, some problems have existed in them. The efforts made by China, as a developing country, in IPR protection over the past few years have exceeded the progress made by other countries in several decades. The United States has not only denied all this, but has also disregarded the objective possibility in asking China to do a perfect job within one or two years. Otherwise, it will resort to threats frequently. This is neither the way, nor the correct attitude for solving problems.

The Assistant U.S. Trade Representative has arrived in Beijing to continue the talks with China on the IPR protection issue. Such talks should be conducted on the basis of equality and mutual respect. The United States must not resort to blackmail to force China to make a concession. The Chinese side will never yield to any rude and unreasonable demands. As long as the United States truly has sincerity, it is not difficult for China and the United States to reach a new agreement. However, if the United States persists in resorting to blackmail and imposing sanctions on China, the only thing waiting for the United States can be a counter-retaliation from China. The loss suffered by the U.S. side because of this can never be smaller than that of the Chinese side. The U.S. industrial and commercial circles have huge interests in China. It is believed that the U.S. government will not go so far as to ruin the wealth of American companies.

PRC: Editorial Warns Against U.S. Sanctions

*HK1405074696 Hong Kong TA KUNG PAO
in Chinese 14 May 96 p A2*

[Editorial: "China Has Resolutely and Firmly Protected Intellectual Property Rights"]

[PTS Translated Text for FBIS] The nonofficial consultations between the assistant to the U.S. trade representative and the Chinese side on intellectual property rights [IPR], which started yesterday in Beijing, have attracted public attention.

The United States blamed China a few days ago for inadequate efforts made to crack down on piracy and copyright infringements, saying that the United States will announce sanctions against Chinese commodities worth \$2 billion unless an agreement is reached between the two sides on IPR protection before 15 May.

The Chinese Ministry of Foreign Trade and Economic Cooperation immediately responded: If the United States imposes sanctions against China, the amount involved in China's anti-retaliatory measures will certainly exceed that of the sanctions.

On the question of IPR protection, the two countries have held talks on numerous occasions in recent years. An agreement on cooperation was reached between the two sides in 1991 one hour before the deadline for the sanctions. An agreement was also reached early last year at a critical moment after the two sides announced their trade retaliation and anti-retaliation lists. Will history repeat itself today? China does not want to see a trade war resulting from sanctions and anti-sanctions on the question of IPR. If the United States obstinately clings to its own course, China will have no other option, but to keep company.

Anyone without prejudice knows that China values knowledge and attaches great importance to IPR protection. So long as one respects facts, he can find that China has been resolute in implementing the Sino-U.S. agreement and cracking down on piracy and copyright infringements. While the two countries reached an agreement on IPR protection earlier last year, the State Council IPR Office drafted "On Effectively Protecting and Implementing an IPR Action Plan." Later, the State Council again issued the "Circular on Doing a Better Job of IPR Protection," regarded the period between 1 January and 31 August as an important stage for enforcing the law on IPR protection, and focused attention on strengthening publicity and enforcement of laws on IPR protection nationwide. At the end of last year, the departments concerned again carried out the "winter action" against illegal publications, which included piracy. China's law enforcement organs went all out to crack

down on piracy and copyright infringements and there were 600,000 industrial and commercial personnel and 120,000 cultural inspectors checking the markets every day. During the important stage of law enforcement, the whole country confiscated and destroyed millions of copies of various kinds of pirated goods and illegal publications. Guangdong, Jiangsu, and Hainan last year closed six laser factories, which were involved in copyright infringements or produced pornography articles. The move effectively curbed piracy and copyright infringements and indicated China's sincerity in resolutely implementing its international commitment. Thus, it is groundless for the United States to blame China for not doing enough to crack down on piracy and copyright infringements.

As pointed out by an official from the State Copyright Bureau, you cannot find another country like China in the world that has seriously and resolutely protected IPR, implemented its international obligation, and applied administrative means to close up factories involved in piracy.

Beyond doubt, there are still piracy and copyright infringements in China today. But this does not mean that the Chinese Government ignores IPR protection. Although China has started late in establishing the legal system for IPR protection, it used only 10 years or so to complete the legislation, which took developed nations decades or even a century to do so, and established a relatively perfect IPR protection system. China is a big country with a large population and a considerable number of people do not have a sense of IPR, resulting in great difficulties in resolving the problem of piracy and copyright infringements. It would be unfair to negate the tremendous efforts made by the Chinese Government in IPR protection simply because piracy and copyright infringements are still prevailing in some localities.

As a matter of fact, the Chinese Government has a better record than the United States in abiding by international agreements. Following the signing of the memorandum on IPR between the two countries a few years ago, China strictly followed the provisions of the memorandum, but the United States did not carry out its obligation. In terms of the patent protection system, the United States has a double standard and it is the only country which grants a patent to the person who first invented it. The principle applies only to the Americans while the principle of whoever applies first gets the patent is implemented for foreign applicants. It is said that the level of U.S. copyright protection is also below that of the Bern Accord. Hence, it is unreasonable for the United States to blame China on the question of IPR protection.

In the field of IPR, piracy and copyright infringement constitute an international phenomenon, which exists in China as well as in the developed nations, including the United States. It is necessary to uphold the principle of carrying out consultations on equal footing, developing international cooperation, and jointly resolving the problem facing various countries rather than resorting to sanctions at every turn and force the other side to meet one's demands. Such a practice violates the basic norm in handling international relations.

The "PRC Foreign Trade Law" stipulates that "if any country or region adopts discriminative, restrictive, or similar measures in trade with the PRC, the PRC shall adopt corresponding measures against the country or region in light of the actual situation." If the United States imposes sanctions against China on the grounds of IPR protection, China will adopt anti-sanctions against the United States in light of the provisions of its Foreign Trade Law.

China is a developing country with immense potentials, a diverse market, and many cooperation partners. The United States should not believe that the 100 percent of punitive tariffs imposed on certain Chinese commodities will bring China's economic development to a halt and that there will be no way out for the commodities. That is not true. It is true that a trade war between China and the United States will produce an impact on China, but the United States will suffer more because it will lose a huge market.

A few days ago, a leader of one of the 100 largest transnational corporations in the United States appealed to the government to be very careful in dealing with China and never try to resort to sanctions at every turn because such sanctions may trigger a trade war between the two countries and harm the long-term interests of U.S. corporations. This shows that U.S. sanctions against China run counter to the interests of the American people and are unpopular.

Central Eurasia

PRC: Kazakh Prime Minister Comments on Ties

OW1405034096 Beijing XINHUA in English
0142 GMT 14 May 96

[FBIS Transcribed Text] Almaty, May 13 (XINHUA) — Kazakh Prime Minister Akezhan Kazhegeldin said today that he was satisfied with the smooth development of the political and economic relations between Kazakhstan and China.

China plays a vital and active role in the Asia-Pacific region, Qazhygeldin told General Fu Quanyou, chief of general staff of the Chinese Liberation Army, who arrived here on May 9.

Fu, who is also a member of the Chinese Central Military Commission, said China values relations with Kazakhstan and the exchange of high-level visits has laid a good foundation for their steady development.

Fu commended a confidence-building border treaty signed in the Chinese port city of Shanghai last month by the leaders of China, Kazakhstan, Russia, Kyrgyzstan and Tajikistan.

The treaty is of great significance and is conducive to peace and development in both the Asia-Pacific region and the world, he said.

The treaty effectively sets up a 100-km zone along either side of their 7,640-km-long borders in which no country shall conduct any troop movements unless it has notified the other side. Besides, each country must inform all the other parties of its basic weapons and armors deployed in the zone.

PRC: PLA General Staff Chief: Visit Key Step in Border Accord

OW1105153396 Beijing XINHUA in English
1353 GMT 11 May 96

[FBIS Transcribed Text] Alma Ata, May 11 (XINHUA) — China would develop military relations with Kazakhstan on the basis of mutual respect of each other's sovereignty and territorial integrity.

During a meeting with Kazakh Defense Minister Alibek Kasymov today, Chief of General Staff of the Chinese People's Liberation Army Fu Quanyou said there was a traditional friendship between armies of both countries, and the current visit to Kazakhstan by the Chinese military delegation would deepen the mutual understandings.

An Agreement of Confidence-Building in the Military Field in Border Areas was signed in Shanghai, China, on April 26, by leaders of China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan, laying grounds for continuous development of multilateral relations.

Fu said his visit was an important step toward the implementation of the border agreement.

Fu, arriving here on Thursday at the invitation of Kasymov after a six-day visit to Russia, will also visit Mongolia.

PRC: Kazakhstan Interested in Drawing on Beijing's Experience

OW1305044096 Beijing XINHUA in English
0222 GMT 13 May 96

[FBIS Transcribed Text] Alma Ata, May 12 (XINHUA) — China's economic reforms have made great achieve-

ments over the last few years and Kazakhstan is interested in drawing on China's experience, the speaker of the Kazakh Senate told a top Chinese military leader today.

Omurbek Baigeldiyev [name as received], who has visited China and seen for himself the changes taking place, told a visiting Chinese military delegation, led by People's Liberation Army chief of general staff Fu Quanyou, that the exchange of visits benefits mutual understanding.

Speaking on relations between the two neighbors, he said that the two countries have identical or similar stances or opinions on many issues, and expects the border that winds between them to be a border of friendship.

Fu said there has been a traditional friendship between the two countries, and relations between them and their armies have developed smoothly.

On China's national defense policy, Fu stressed that China will never resort to hegemony, to expansion or invasion, and will never ally with or station troops in other countries.

The delegation visited the 35th airborne brigade of the Kazakh army this morning.

They arrived here on Thursday (9 May) after a six-day visit to Russia and will also tour Mongolia.

PRC: Dudayev Death Seen as Boost to Chechen Peace Process

HK1305052496 Beijing RENMIN RIBAO in Chinese 30 Apr 96 p 6

[Article from the "International Forum" by Tang Xuwen (0781 6079 2429): "The Death of Dudayev"]

[PTS Translated Text for FBIS] A close aide to Chechen separatist leader Dudayev officially announced on 23 April that Dudayev had been killed in a missile attack in the small hours of 22 April. Dudayev's post was taken over by his assistant. On 25 April, the Russian Federal Internal Affairs Department also confirmed Dudayev's death.

International opinion is widely divided over whether Dudayev's death is good or bad for the situation in Chechnya.

Some hold that Dudayev's death may trigger a new bloody conflict in the Caucasus region and that his followers may further launch terrorist activities to retaliate against the Russian Government. His killing also may lead to internal conflict or division in illegal armed forces in Chechnya. If so, the peace process initiated

by the Russian Government will run into unparalleled difficulties in negotiations.

Other opinions are of the view that following the death of the hardline Dudayev, moderates from the illegal armed forces in Chechnya may gain the upper hand, thus creating favorable conditions for peace talks. It is believed that its chief of staff, Maskhadov, is a dove opposing "calls for complete sovereignty and for absolute independence for Chechnya at all costs," and standing for "adopting a realistic attitude toward settling all political and military disputes." Russian Prime Minister Chernomyrdin indicated on 25 April that the Russian Federal Government is in contact with Maskhadov and is prepared to hold talks with Yandarbiyev and those who will have influence on the political situation in Chechnya. If necessary, Chernomyrdin is prepared to join in the negotiations personally. This once again demonstrates Russia's sincerity in resolving the Chechnya issue peacefully.

After learning that Dudayev was dead, President Yeltsin said: "It was none other than Dudayev who sparked the Chechen war." Statistics show that more than 16 months of fighting have left several thousand Russian servicemen and 25,000 civilians dead, as well as more than 400,000 refugees homeless, and have caused economic losses up to 1.55 million rubles. President Yeltsin has indicated repeatedly that it is imperative to halt the Chechen war prior to the end of the general election, and to heal Russia's wound, which bleeds daily.

For this reason, Russia set up a special committee led by the prime minister, proposed a resolution to the Chechen issue, and outlined its implementation. However, Dudayev and his followers adopted an uncooperative attitude. They not only set preconditions unacceptable to the Russian Government, but also constantly attacked and harassed the Russian Army. What was more serious was that on 16 April, the day following Russia's withdrawal of troops from Chechnya, Dudayev's armed forces went so far as to ambush a convoy of Russian troops leaving Chechnya, killing more than 100 Russian servicemen. This tragic incident not only shocked Russia, but also aroused indignation from the international community.

Overall, the disappearance of Dudayev from the Russian political arena may bring about a turning point in the resolution of the Chechen crisis. People hope that the Russian Federal Government and people of insight in Chechnya can make the best use of the situation, and can push forward the momentum for a peaceful settlement to the Chechen conflict, thus bringing an early end to the fighting, which has brought tremendous disasters and sufferings upon the Russian people.

Southeast Asia & Pacific

PRC: Ambassador Warns Australia About Welcoming Dalai Lama

OW1405042996 Hong Kong AFP in English
0416 GMT 14 May 96

[FBIS Transcribed Text] Sydney, May 14 (AFP) — Australia will decide soon whether to welcome the Dalai Lama following a warning by China against formal contact with the Tibetan spiritual leader, Foreign Minister Alexander Downer said Tuesday.

The Chinese ambassador to Australia, Hua Junduo, warned the government Monday not to have anything to do with the Dalai Lama, who is due to visit Australia in September.

Hua told reporters any official contact with Tibet's exiled religious leader "would be a very unpleasant episode in our relations".

Downer declined Tuesday to comment directly on the ambassador's statement, but said: "We'll make a decision later on".

He said the decision would be made "quite soon", adding: "the visit's not till September though."

The 60-year-old Dalai Lama has meantime denounced what he described as China's increased repression and political persecution in Tibet, which he said had reached a new peak.

Speaking to some 200 Danish politicians and experts during a visit to Copenhagen on Monday, he said the "observance of human rights has, sadly, not improved" in Tibet, which has been under Chinese rule since 1950.

"On the contrary, the Chinese government has intensified repression," he told his audience at a one-day seminar on Tibet.

Since martial law was lifted in May 1990, "repression and political persecution have continued in Tibet and have lately reached a new peak."

"Such abuses are aimed at Tibetans as a people asserting their own identity and their wish to preserve it. Thus, human rights violations in Tibet are often the result of institutionalised racial and cultural discrimination," he said.

"If the human rights situation in Tibet is to be improved, the issue of Tibet should be addressed on its own merits. It should be seen as distinct from the overall situation in China.

"Undoubtedly, the Chinese in China suffer from human rights abuses, but these abuses are of an entirely different nature," he explained.

The Dalai Lama stressed that "the issue of Tibet is political", and "human rights violations, environmental degradation and social unrest in Tibet are only the symptoms and consequences of a deeper problem," he said, adding: "It is an issue of colonial rule."

But he said Tibetans would continue their non-violent struggle for freedom.

PRC: Zhu Addresses Forum, Describes 'Sound Development'

OW1305111296 Beijing XINHUA in English
1035 GMT 13 May 96

[FBIS Transcribed Text] Jakarta, May 13 (XINHUA) — China's economy is moving along the track of sustained, rapid and sound development with the new system of socialist market economy gradually taking shape, Chinese Vice Premier Zhu Rongji said at a high-level economic forum that opened here today.

Addressing the "Indonesia Summit '96," he said China would stick to a moderately tight fiscal and monetary policy so as to keep the inflation rate at single digit and eliminate its budget deficit before the year 2000.

In the first quarter of 1996, China's economy grew by 10.2 percent and its inflation dropped to 7.7 percent.

At the start of China's ninth Five-Year Plan for the National Economic and Social Development this year, China has cut down its tariff rate by 36 percent and will further lower it in the near future to the average level of developing countries, said Zhu.

He said China would further open up its financial, insurance and commercial sectors and other service industries and would achieve the convertibility of the Chinese currency under the current account in an orderly way in accordance with the regulations of the International Monetary Fund (IMF).

He said China has already taken a series of important measures to protect intellectual property rights and will be even more resolute and effective in this regard.

Zhu recalled that China has made great achievements of historic significance since the late 1970s in its reform, opening-up and modernization drive guided by Deng Xiaoping's theory of building socialism with Chinese characteristics.

The country's gross national product (GNP) grew at a remarkable average rate of 10 percent annually from 1979 to 1995.

Under the leadership of the central authorities with President Jiang Zemin at the core, China has deepened reforms over the past five years, as well as improving

macro-regulation and bridled overheating in some economic fields, Zhu said in his speech to the meeting.

The two-day Indonesia Summit is being attended by about 250 senior government officials and 600 top representatives of the business community from Indonesia and other countries.

PRC: Zhu Rongji, Indonesian Officials Review Bilateral Ties

OW1405061296 Beijing XINHUA Domestic Service in Chinese 1605 CMT 13 May 96

[By reporters Zhao Xinkao (6392 2450 5072) and Liu Ruiping (0491 3843 1627)]

[FBIS Translated Text] Jakarta, 13 May (XINHUA) — Zhu Rongji, visiting PRC State Council vice premier, held talks with Hartarto, Indonesian coordinating minister for production and distribution, this afternoon. Both sides were satisfied with the smooth development of bilateral relations.

During the talks, Zhu Rongji first thanked Hartarto for inviting him to attend the high-level economic forum conference and pay an official visit to Indonesia. He said: Seen from this afternoon's forum conference, the international community attaches great importance to successful development of the Indonesian economy.

Zhu Rongji said: Since China and Indonesia resumed diplomatic relations in 1991, thanks to the concerted efforts of both sides, bilateral cooperation in various fields has been developing. China attaches importance to further developing friendly relations and cooperation with Indonesia. For the two countries to constantly develop economic and trade relations on the basis of mutual benefit and supplying what the other needs not only conforms to the fundamental interests of the peoples of the two countries but also entirely conforms to the spirit of South-South cooperation. He said: The Sino-Indonesian good-neighborly relations of friendship and mutually beneficial cooperation, which are based on the Five Principles of Peaceful Coexistence, have a great vitality and broad prospects for development.

Hartarto said: Vice Premier Zhu Rongji's speech at the forum was very well received; it enabled me and other forum participants to gain a deeper understanding of China's economic situation and its policy of reform and opening up to the outside world.

Hartarto said: In recent years, Indonesian-Chinese relations have developed smoothly and bilateral trade has increased by a wide margin. The Indonesian Government has always encouraged Indonesian entrepreneurs to invest in China, and plans to hold an exposition on Indonesian economy. He was convinced that after the

signing of an agreement on avoidance of double taxation, bilateral investment in each country would further expand.

Hartarto stated: Indonesia has always regarded China as a force for safeguarding peace and for promoting economic prosperity in the Asia-Pacific region. Indonesia firmly supports China's efforts to join the World Trade Organization and supports China in playing an active role in the Asia-Pacific Economic Cooperation forum.

Zhu Rongji said: In the Association of Southeast Asian Nations, Indonesia is China's second largest trading partner. Not only does China welcome entrepreneurs from various countries, including Indonesia, to come and invest in China, but it also encourages Chinese entrepreneurs to invest in Indonesia and other countries.

In the afternoon, Zhu Rongji met Ali Alatas, Indonesian foreign minister, and Saleh Afiff, coordinating minister for economics, finance, and construction supervision. During the meeting, both sides exchanged views on a wide range of bilateral and international issues. Alatas stated: Indonesia firmly supports the "one China" policy.

Zhu Rongji arrived in Jakarta yesterday. This morning he addressed the Indonesian High-Level Economic Forum Conference; then he started his official visit to Indonesia.

Near East & South Asia

PRC: Jiang Zemin Praises Relations With Africa

OW1305134296 Beijing XINHUA in English 1317 GMT 13 May 96

[FBIS Transcribed Text] Addis Ababa, May 13 (XINHUA) — Visiting Chinese President Jiang Zemin today praised the tried and true friendship between China and Africa in a speech at the headquarters of the Organization of African Unity (OAU) here.

The president said that China and Africa are close in spirit despite being separated by continents, and friendly exchanges between the Chinese and African peoples date back to ancient times.

China and Africa have been friends in fair weather and foul on the basis of full equality, mutual respect and mutual benefit, Jiang added.

The Chinese president called for more consultation and cooperation between China and Africa in international affairs.

More than 400 people attended Jiang's address on the theme "Africa-China relations".

In his vote of thanks, OAU Secretary General Salim Ahmed Salim said Jiang's six-nation African tour was

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testimony to the continuing friendship between Africa and China, a relationship which their peoples value and are determined to strengthen.

The OAU chief said that the seeds of friendship sown by African and Chinese leaders have borne fruit in the broad range of cooperation between the two continents.

He said that the Chinese people have demonstrated selflessness in their assistance to Africa and in sharing their wealth and knowledge with the African peoples.

Africa could learn from the pragmatic and realistic policies China has embarked on to modernize and transform its economy, he added.

Ethiopian Foreign Minister Ato Seyoum Mesfin, who also spoke after Jiang's address, said that China has always been and continues to be a true and reliable friend of Africa.

China had proved itself one of the few consistent supporters of causes that are dear to the African peoples, he said.

China's espousal of the principles of full equality, mutual respect and mutual benefit in its foreign policy was one of the reasons why China has always been held in high esteem, not only in Africa but throughout the developing world, the minister said.

Ethiopia is the second leg of Jiang's two-week visit to Africa, which has so far taken him to Kenya. He is scheduled to travel to Egypt, Mali, Namibia and Zimbabwe.

PRC: Jiang Zemin Arrives in Cairo 13 May

OW1305152396 Beijing XINHUA in English
1444 GMT 13 May 96

[FBIS Transcribed Text] Cairo, May 13 (XINHUA) — Chinese President Jiang Zemin arrived here from Ethiopia by special plane this afternoon for a five-day state visit to Egypt to enhance friendship and promote cooperation between the two countries.

Jiang is paying the visit at the invitation of his Egyptian counterpart Hosni Mubarak.

Jiang was greeted at Cairo International Airport by Yusuf Wali, Egyptian deputy prime minister and chairman of the Egyptian-Chinese Friendship Association.

This is the first time for a Chinese president to have visited Egypt since 1989.

In a written statement released upon his arrival, Jiang said he was convinced that his visit to Egypt would help consolidate the friendly relations and cooperation between the two countries.

"I am looking forward to exchanging views with President Mubarak and other Egyptian leaders on developing relations between the two countries as well as the regional and international issues of mutual concern," he said.

"I will also have the honor to learn about the accomplishments scored by the Egyptian people, under the leadership of President Mubarak, in building the country and developing the economy," he added.

He said both China and Egypt are ancient countries with time-honored civilization, adding that the peoples of the two countries have created glorious history and culture.

Jiang praised the Sino-Egyptian friendly cooperation ties, saying it can be a model of cooperation among the developing countries.

To strengthen Sino-Egyptian relations is a set policy of the Chinese government, he noted.

He added that the exchange of visits between Chinese and Egyptian leaders would be of great significance in further developing the Sino-Egyptian friendly relations and cooperation as well as establishing new partnership cooperation ties facing the 21st century.

Jiang is expected to hold talks with Mubarak on the Middle East peace process, bilateral ties and international issues of mutual concern.

He will also meet with Speaker of the Egyptian People's Assembly Ahmad Fathi Sorour [name as received], Speaker of the Shura (advisory) Council Mustafa Kamal Helmi [name as received] and the Cairo-based Arab League's Secretary General Esmat Abdul-Meguid [name as received].

During Jiang's visit here, the two countries are expected to sign a number of economic and trade agreements aiming to enhance bilateral trade.

The Chinese president's visit also marks the 40th anniversary of the establishment of full diplomatic relations between China and Egypt. Egypt is the first African and Arab country to have established diplomatic ties with China.

Egypt recognized China on May 30, 1956.

Jiang's entourage includes Vice-Premier and Foreign Minister Qian Qichen, Special Assistant Zeng Qinghong, Minister of Public Security Tao Siju and Minister of Foreign Trade and Economic Cooperation Wu Yi.

Among those at the airport to welcome Jiang was Chinese Ambassador to Egypt Yang Fuchang, who is also a member of Jiang's entourage.

Egypt is the third leg of Jiang's six-nation African tour which has already taken him to Kenya and Ethiopia. He will also visit Mali, Namibia and Zimbabwe.

PRC: Arab League Says Jiang Visit of Particular Importance

*OW1405002096 Beijing XINHUA in English
1738 GMT 13 May 96*

[FBIS Transcribed Text] Cairo, May 13 (XINHUA) — Arab League (AL) Secretary-General Esmat 'Abd-al-Meguid said the visit to the league's headquarters in Cairo by Chinese President Jiang Zemin will be of particular importance in strengthening Arab-Chinese relations.

'Abd-al-Meguid is scheduled to meet Tuesday afternoon with the Chinese president at the headquarters of the Arab League Secretariat.

This meeting, 'Abd-al-Meguid said, assumes great importance in bolstering up relations between the Arab and Chinese peoples and underscoring the age-old relations and ties of friendship and cooperation that bind the two sides.

Applauding the continued support extended by China to Arab causes, and the keen desire of both sides to establish close ties of cooperation that serve their common interest, 'Abd-al-Meguid pointed out that his meeting with the Chinese president would afford the opportunity to expound Arab stances with a view to enable China to enhance its support to the Arabs in the international arenas, particularly in the U.N. Security Council.

The Arab League chief said he will review with the Chinese president the latest developments in the Arab region, particularly the peace process along the various tracks, besides China's support of the Palestinian National Authority's efforts in building its infrastructure and in fulfilling its development plans.

'Abd-al-Meguid indicated that his talks with the Chinese president would also deal with ways of strengthening Chinese-Arab relations in all fields, specially trade, cultural ties, tourism and technology domains, China's help in promoting human resources in the Arab states.

PRC: Jiang Lays Wreaths at Tombs of Al-Sadat, Unknown Soldier

*OW1405092696 Beijing XINHUA in English
0845 GMT 14 May 96*

[FBIS Transcribed Text] Cairo, May 14 (XINHUA) — Visiting Chinese President Jiang Zemin here today laid two wreaths at the Monument to the Unknown Soldiers

and the Tomb of late Egyptian President Anwar al-Sadat.

A military band played music for the wreath-laying ceremony. After laying the wreaths, Jiang stood in silent tribute to the unknown soldiers and late President al-Sadat. He was accompanied by Egyptian Education Minister Husayn Baha'-al-Din.

The Monument to the Unknown Soldiers was built in 1975 to commemorate the Egyptian soldiers who sacrificed their lives in the Middle East wars. Al-Sadat, who assumed the presidency in 1970, was assassinated in October 1981.

Among those present at the wreath-laying ceremony were Chinese Vice Premier and Foreign Minister Qian Qichen and Chinese Ambassador to Egypt Yang Fuchang.

Jiang arrived here Monday [13 May] for a five-day state visit to Egypt. Egypt is the third leg of Jiang's six-nation African tour which has already taken him to Kenya and Ethiopia. He will also visit Mali, Namibia and Zimbabwe.

PRC: Jiang Zemin, Husni Mubarak Discuss Strengthening Ties

*OW1405093796 Beijing XINHUA in English
0921 GMT 14 May 96*

[FBIS Transcribed Text] Cairo, May 14 (XINHUA) — Chinese President Jiang Zemin said here today that China regards Egypt as its most important partner in the Arab world and even Africa as a whole.

Jiang, during his talks with Egyptian President Husni Mubarak, said it is a set policy of China to strengthen and develop long-term friendly relations and cooperation with Egypt.

Mubarak said he believes that the current visit of Jiang will help develop the friendly relations and cooperation between the two countries.

He said that bilateral relations have been growing steadily since he visited China in 1976, adding that there exists no problem in the development of bilateral ties and that the two countries can fully understand and support each other.

Jiang, who arrived here Monday [13 May] on a five-day state visit to Egypt, said that under the new historical background, to consolidate China-Egypt friendship will not only benefit the two peoples, but also promote South-South cooperation so as to set an example of equal, effective and cooperative ties among developing countries.

Both China and Egypt are going through an important period of development, Jiang said.

At this important moment before the turn of the century, China and Egypt, as countries of influence in the world, should study how to further enhance bilateral friendly ties, he said.

He stressed that the Chinese government is ready to establish 21st-century-oriented and stable relations with Egypt on the principles of mutual respect, equality and mutual benefit, and common development.

The Chinese president, whose visit came just days before the 40th anniversary of the establishment of China-Egypt diplomatic relations, said the Chinese side is satisfied with the smooth development of bilateral cooperation in politics, economy, trade, and other spheres.

Jiang noted that China attaches importance to developing economic and trade ties with Egypt, adding there are immense potentials and broad prospect for such ties.

He told Mubarak that China is willing to explore new ways of economic cooperation with Egypt and that the Chinese government will encourage Chinese enterprises to invest in Egypt.

Mubarak said China has achieved successes in economic reforms and his country is undergoing economic reforms as well. He added that to expand economic cooperation between the two countries is in the interests of the Arab world and Africa.

Sub-Saharan Africa

PRC: Jiang Zemin, Ethiopian Prime Minister Meet 12 May

OW1305123496 Beijing XINHUA Domestic Service in Chinese 1528 GMT 12 May 96

[By reporter Liu Jiang (0491 3068) and Lu Jing (4151 0513)]

[FBIS Translated Text] Addis Ababa, 12 May (XINHUA) — While holding talks with Ethiopian Prime Minister Meles Zenawi today [12 May], Chinese President Jiang Zemin said: "Consolidating and developing Sino-African friendship and cooperation are part and parcel of China's foreign policy of independence and peace."

Jiang Zemin said: "We have persistently respected the choice of political systems and development paths by African nations in light of their actual conditions and have never interfered in their internal affairs or opposed the imposition of ideologies and social development patterns by other countries on African nations. We firmly support African nations' struggle to maintain national

independence, sovereignty, and territorial integrity and to oppose foreign intervention and support their efforts to take an active part in international affairs and safeguard their own legitimate rights and interests."

Jiang Zemin said: Having gone through a period of drastic turbulence after the Cold War, Africa is now generally moving toward relaxation [qu xiang huan he 6395 0686 4883 0735]. African nations' sense of self-improvement through unity has been further enhanced and the trend of settling the continent's issues by relying on its own efforts is developing. Of course, Africa is still facing quite a few difficulties. In some nations there is incessant chaos caused by war; in others, differences and disputes are expanding, thus hampering the stability and development of relevant nations. This is detrimental to African unity and cooperation and will provide outside forces with an opportunity to intervene. With its abundant resources and huge potential, Africa has vast vistas of development. China is convinced that as long as African nations cherish and maintain peace and stability and strengthen unity and cooperation with one another, they will surely overcome temporary difficulties and ultimately achieve the development and invigoration of the African continent.

He went on to say: China is paying keen attention to the contradictions and disputes among African nations and hopes that they will strengthen consultations and cooperation and create a sound environment for their own economic construction and regional cooperation. China stands ready to conduct extensive exchange and cooperation with African nations, learn from each other, make use of each other's experience for reference, and consolidate and develop Sino-African relations characterized by "equal treatment, sincere friendship, unity and cooperation, and common development" on the basis of the five principles of peaceful coexistence.

Meles said: "Ethiopia is paying close attention to the African situation. As African nations are faced with external conditions and pressures, it is by no means easy for us to safeguard national independence. While granting assistance to African countries, more often than not, foreign countries attached many conditions. In this complex situation, adhering to a foreign policy of independence and peaceful development, we, the Ethiopian Government, have rejected the imposition of a development pattern by foreign countries on Ethiopia and embarked on our own path of reform and development. Up to this day, our economic reform has been successful."

He also briefed Jiang Zemin on Ethiopia's relations with its neighboring countries.

Jiang Zemin said: China appreciates the Ethiopian pursuit of a foreign policy of independence and nonalignment. Ethiopia has worked to promote the cause of African development and the Organization of African Unity for a long time and has made important contributions to it, thus winning the appreciation of African nations and the international community. China appreciates the Ethiopian effort to develop friendly relations with its neighboring countries on the basis of mutual respect and mutual noninterference in internal affairs and supports its efforts to promote regional peace and stability and to strive for cooperation and development.

On the issue of Sino-Ethiopian relations, Jiang Zemin said: Since the Ethiopian interim government assumed office, Sino-Ethiopian relations have developed healthily and smoothly; the cooperation between the two countries in political, economic, diplomatic, and other fields is constantly expanding; and successes have been made in this regard. China is satisfied with this state of affairs. China appreciates and is grateful for the efforts and contributions Your Excellency Meles has made in developing Ethiopian-Chinese relations. Sino-Ethiopian relations are built on the basis of the Five Principles of Peaceful Coexistence and are characterized by mutual understanding, mutual respect, and mutual support.

Jiang Zemin said: China and Ethiopia have many similarities in historical experience and now they are both facing a task of building its own country. Both sides share identical or similar views on some international issues and have maintained close consultations and cooperation in international affairs. It is in conformity with the fundamental interests of both sides to further enhance their cooperation in various fields.

He said: Ethiopia, which is an influential, important country in Africa, is where the headquarters of the Organization of African Unity is located. The Chinese Government attaches great importance to developing friendship and cooperation with Ethiopia and is willing to make joint efforts with the latter in seeking for long-term, stable, equal, and sustained development of bilateral relations and raise both sides' friendly cooperation to a new height.

With regard to the economic and trade relations between China and Ethiopia, Jiang Zemin stated: Since China and Ethiopia established diplomatic relations, their economic and trade cooperation has developed smoothly. He said: "We are pleased to see that the Chinese assisted projects have played an active role in Ethiopia's economic development and in its people's living standards. With changes in the situation, the two countries have great potential for economic and trade cooperation

and more diversified forms can be adopted." He stated: The Chinese Government will encourage Chinese companies and enterprises to conduct multiform economic and trade cooperation in Ethiopia.

Prime Minister Meles expressed full agreement with President Jiang Zemin's evaluation of bilateral relations. He said: "Ethiopia and China have a sound foundation on which to develop friendly and cooperative relations and there are no obstacles between us in developing such relations. In history, we, Ethiopia and China, had common experiences and now we are facing a common task of economic development. China has provided us with extensive assistance in various fields. This embodies the friendly relations between the two countries. We are thankful for all this assistance."

Meles said: Economic and trade relations between Ethiopia and China have developed healthily. Ethiopia attaches importance to developing cooperation in investment with China. Chinese experts have done fruitful work in Ethiopia. The two countries have had some success in economic cooperation, but there is still a lot of room for further expansion. He hopes that more Chinese entrepreneurs will come and invest in Ethiopia and take an active part in the country's economic construction.

Meles went on to say: Ethiopia respects China's policy of developing state-to-state relations on the basis of the five principles of peaceful coexistence, which Ethiopia also adheres to. The Ethiopian Government opposes any interference in other country's internal affairs under the pretense of "human rights" or "democracy."

Present at today's talks were Deputy Prime Minister Kassahun [0595 5685], Foreign Minister Seyoum Mesfin, and Economic Development and Cooperation Minister Ghirma from the Ethiopian side and Qian Qichen, State Council vice premier and concurrently foreign minister, Special Assistant Zeng Qinghong, and Foreign Trade and Economic Cooperation Minister Wu Yi from the Chinese side.

After the talks, Prime Minister Meles gave a luncheon in honor of President Jiang Zemin and his party.

PRC: Jiang Zemin Ends Visit to Ethiopia 13 May
OWI 05153596 Beijing XINHUA in English
1424 GMT 13 May 96

[FBIS Transcribed Text] Addis Ababa, May 13 (XINHUA) — Chinese President Jiang Zemin wound up his three-day visit to Ethiopia today and left here this afternoon for Egypt to continue his six-nation African tour.

Jiang was seen off at the Bole International Airport by Ethiopian President Negasso Gidada and 15 government ministers.

Accompanied by Negasso, Jiang reviewed a guard of honor while a band was playing the national anthems of the two countries.

During his stay here, Jiang had talks respectively with Negasso, Prime Minister Meles Zenawi and Speaker of the House of People's Representatives Dawit Yohannes on means of promoting the bilateral ties and strengthening cooperation between China and Ethiopia.

The two sides signed two cooperative accords on trade, economy, investment and technology, under which China will provide assistance to Ethiopia's development projects.

Jiang also met with Secretary General of the Organization of African Unity (OAU) Salim Ahmed Salim and discussed with him ways of strengthening cooperation between China and the OAU.

Ethiopia is the second leg of Jiang's ongoing African tour which has taken him to Kenya and will take him to Egypt, Mali, Namibia and Zimbabwe.

PRC: Jiang Zemin, Kenya's Moi Hold Talks 9 May
OW1405103996 Beijing XINHUA Domestic Service in Chinese 1535 GMT 9 May 96

[By reporters Liu Jiang (0491 3068), Qiu Wei (6726 0251 6880), and Lu Jing (4151 0513): "Presidents Jiang Zemin and Moi Hold Talks"]

[FBIS Translated Text] Nairobi, 9 May (XINHUA) — Chinese President Jiang Zemin and Kenyan President Moi held talks in the Kenyan presidential palace this morning, during which Jiang Zemin said that in the new situation, China is willing to increase exchanges and expand the scope of common understanding with African countries, to develop state relations of long-term stability and overall cooperation toward the 21st century, and to become trustworthy "all-weather" friends.

Jiang Zemin said: We will also develop mutually beneficial and reciprocal cooperative relations without any political conditions, seek common development, hold close consultations, strengthen cooperation, and jointly safeguard developing countries' rights and interests in international affairs.

Jiang Zemin said: China and Africa have had similar historical experiences and are now facing a common task of construction. China and Africa are important forces in the international arena, and we undertake responsibility for world peace and development. He said: China values Africa's role in international affairs. In our opinion, without peace and development in Africa, there can be no progress or prosperity in the world; China's basic point in its policy toward Africa

is to constantly strengthen unity and cooperation with African countries in order to make contributions to the lofty cause of world peace and development.

During the talks, Jiang Zemin happily recalled the cordial and friendly talks he had with President Moi in Beijing two years ago. He was very pleased that he could meet President Moi again in the beautiful city of Nairobi. He said: "I believe that my current visit will be beneficial to further enhancing our mutual understanding and will help promote Sino-Kenyan friendly and cooperative relations to a higher level."

Moi said: Kenya is the first leg of President Jiang Zemin's African tour and he is also the first Chinese head of state to land on Kenyan soil. We warmly welcome him. Moi said that this is a historic visit and that it will further consolidate Sino-Kenyan relations.

Moi said: Since its independence, Kenya has always attached importance to developing friendly and cooperative relations with China. He thanked the Chinese Government for its long-term friendly aid to Kenya in sports, public health, educational, and other infrastructural facilities construction. He said that this is a specific manifestation of close and friendly relations between Kenya and China, and hoped that the two countries will move into the future in closer relations.

Jiang Zemin said: The friendly exchanges between the Kenyan and Chinese peoples have a long history and go back to ancient times. Sino-Kenyan relations have developed comparatively fast in recent years and their exchanges and cooperation in various fields have constantly expanded. We are satisfied with this. Your Excellency Mr. President's successful visit to China in 1994 further strengthened these friendly relations. We appreciate the close attention President Moi and the Kenyan Government have paid to developing the two countries' relations, and we thank your country for firmly siding with China in the human rights issue and other international affairs. China highly treasures the sincere friendship and cooperative relations China and Kenya have long established, and in the new situation we are willing make common efforts with your country to promote these relations to a new level so that they will have more vitality and be rich in content.

President Moi agreed with President Jiang Zemin's appraisal of Sino-Kenyan bilateral relations, saying: On the human rights issue, we fully support the Chinese Government's stand. China has a history of more than 5,000 years of civilization, no other person has the right to tell China how to live. Kenya is also facing external pressure in this respect, but we still want to take our own development road. Moi hoped that Kenya and China will further strengthen their cooperation in

international affairs and make common efforts for the future of mankind.

Jiang Zemin also positively appraised the two countries' economic and trade cooperation, saying: The Chinese Government takes serious account of developing economic and trade relations with Kenya, and believes that there is great potential in the two countries' economic and trade cooperation. In the future, apart from governmental cooperation, the Chinese side is willing to make common efforts with the Kenyan side to actively promote all forms of cooperation between the two countries' enterprises and to expand the sphere of cooperation between the two countries. He said: Both sides have taken a step forward in this respect, and I believe that the relevant departments of the two governments will conscientiously sum up their experiences for greater results in cooperation; the Chinese Government will conscientiously consider providing aid to Kenya in this urgently needed area.

Moi said: The Kenyan Government welcomes more Chinese entrepreneurs to invest or carry out cooperation in Kenya, either in the form of solely Chinese-funded businesses or joint ventures. Some Chinese enterprises in Kenya have succeeded in cooperative projects, and it is very valuable that China does not attach any additional conditions to its help. Kenya is carrying out economic structural reform. We hope to strengthen our cooperation with China in various fields and to welcome people from Chinese enterprise circles to take an active part in this process of Kenya; Kenyan officials and entrepreneurs may also go to China to conduct surveys on China's experience in developing small and medium-sized enterprises; in this way, the fraternal relations between Kenya and China will be further strengthened.

President Moi briefed President Jiang Zemin on east Africa's situation, saying: The situation in this region remains unstable, and many difficulties and problems have cropped up between our neighboring countries. As the chair-state of the Inter-Governmental Authority on Development in this region, Kenya has always played a positive role and maintained discussions and consultations with its neighboring countries. He indicated that the Kenyan Government will make further efforts to mediate the internal conflicts and differences between member countries and that it will play a greater role in this respect.

Jiang Zemin positively appraised the Kenyan Government's foreign policy, saying: Kenya pursues an independent and nonaligned foreign policy, opposes external intervention, safeguards its sovereignty and dignity, stands for good-neighborliness and friendship, and makes efforts for a peaceful solution to regional con-

flicts. We appreciate this. President Moi has played a positive role in promoting the settlement of some hot issues in this region. Kenya is an important country in east Africa and is an important force in promoting regional peace, development, and cooperation.

During the talks, the two heads of state also exchanged views on the current international situation. Both sides unanimously pointed out that since the end of the Cold War, the international situation has experienced profound and complex changes. At present, the international situation is, on the whole, tending toward relaxation, global polarization is further developing, and the pursuit for peace, stability, and development has become the main trend of the present-day world. But hegemonism and power politics continue to exist and have made this world quite volatile. Some country, posing as the "world's policeman," attempts to manipulate international affairs and to impose its will on — and even sanctions against — other countries [yi xie guo jia yi guo ji jing cha zi ju qi tu cao zong guo ji shi wu ba zi ji de yi zhi qiang jia gei bie de guo jia shen zhi zhi cai bie guo 0001 0067 0948 1367 0110 0948 7139 6226 1390 5261 1446 0120 0956 2347 4912 0948 7139 0057 0523 2116 5261 1569 4104 1942 1807 1730 0502 4822 0446 4104 0948 1367 3928 5267 0455 5932 0446 0948]. The large numbers of developing countries have suffered much from this. But it should be noted that the overall strength of developing countries and the proportion of their economies to the world economy are expanding, and that their rights to speak on international affairs have increased. Developing countries account for a majority in the international community. They should continuously strengthen their unity and cooperation; continuously improve their positions; make common efforts for the establishment of a peaceful, stable, just, rational, and new international political and economic order; and make contributions to world peace and development.

The two heads of state also unanimously pointed out that as developing countries, the two countries are facing the common urgent tasks of maintaining the stability of their domestic political situations, developing their economies, and improving the people's lives. Although developing countries have not acquired a high economic development level, they will have fine development prospects as long as they are united and rely on their own efforts.

Present at today's talks from the Chinese side were: Qian Qichen, vice premier of the State Council and foreign minister; special assistant Zeng Qinghong; Public Security Minister Tao Siju; Wu Yi, minister of foreign trade and economic cooperation; and their entourage. Also present at the talks from the Kenyan side were se-

nior government officials including Stephen Musyoka, minister of foreign affairs and international cooperation; Finance Minister Musalia Mudavadi; and Health Minister Joshua Angatia.

PRC: Kenyan President, Jiang Zemin Speak at State Banquet

OW1405104796 Beijing XINHUA Domestic Service in Chinese 0211 GMT 10 May 96

[By reporters Liu Jiang (0491 3068), Yu Yaoliang (0205 5069 5328) and Lu Jing (4151 0513)]

[FBIS Translated Text] Nairobi, 9 May (XINHUA) — Kenyan President Daniel arap Moi held a state banquet in the presidential palace this evening [9 May] to welcome visiting Chinese President Jiang Zemin. In his speech at the banquet, President Moi said that he sincerely hopes that President Jiang's current visit will provide Kenya with an opportunity to further explore new areas of concern to the two countries that will strengthen their partnership in the international arena and in substantive bilateral cooperation.

Moi said: "Your Excellency decided to make Kenya the starting point of your historic African tour. This is an honor for Kenya." In his speech, he delightedly recalled his state visits to China in 1980, 1988, and 1994. He said: Although Kenya and China are very far away from each other, they have always maintained a "close and special friendship" over the years. He said: As developing countries, Kenya and China share identical perceptions and views on international issues.

Moi said: Kenya hopes to gain benefits from China's experience in industrialization and enterprise development. He said: In the past several years, to absorb foreign investment and accelerate the pace of economic and social development, Kenya has carried out fundamental and comprehensive reforms, including lifting controls over foreign exchange, loosening controls over prices, nullifying subsidies, and privatizing nonstrategic state-owned enterprises. Now foreign investors' profits can all be remitted to their own countries. The interest rate and capital markets have been opened and foreign investors can buy stocks. He said: Kenya has established some export processing zones and streamlined the Investment Promotion Center. Moi invited Chinese entrepreneurs to use this unique opportunity of Kenya and make direct investments or form joint-venture enterprises with the Kenyan side in all sectors of the Kenyan economy.

In his speech, Moi expressed support to all efforts exerted by China and the Group of 77 Nations to expound the developing countries' wishes and needs to the world community. He said: "The news people read about Africa is always bad news, provided by the

Western media, which is full of defamatory reports. We look forward to continued consultations on South-South cooperation and other matters of concern in the international forum."

In his speech at the banquet, Jiang Zemin said: The Kenyan people are valiant and industrious and have glorious traditions of loving freedom and resisting oppression. They have waged an indomitable struggle against colonialism and for national liberation and independence for a long time and ultimately won national independence. In recent years, the international situation has become changeable. President Moi has achieved gratifying results in leading the Kenyan Government and people to overcome foreign interference, work for the maintenance of social stability, safeguard national sovereignty, and develop the national economy. The Kenyan Government pursues a foreign policy of independence and nonalignment, opposes power politics and foreign interference, and favors settling African issues in an African way and thus, it has played an important role in promoting peace and progress in Africa and in pushing regional cooperation and development ahead.

Jiang Zemin said: The world today is evolving toward multipolarization. Peace and development have become the main theme of the times. The changes in the international situation have presented Africa with both new challenges and opportunities. Having fulfilled the historical mission of political liberalization, Africa is now exploring in unity and cooperation paths and patterns of development commensurate with the realities in the various countries of the continent and struggling for the great target of realizing African economic liberalization. In this course, due to various reasons, Africa will unavoidably meet with many difficulties and tests. However, being no longer the Africa of the past colonialist years in which it was all split up and subjected to bullying and humiliation, Africa today has already become an important force in the international political arena. China is convinced that the people of Africa who were able to smash the shackles of colonialism will also be able to build a brilliant future for their own nations.

Jiang Zemin said: China has persistently maintained: What political system and what economic pattern a nation pursues should be decided by the nation's government and people in the light of its own national conditions, which are conducive to the improvement of the people's living standards. China respects and supports the political system and road to development chosen by the various African nations in the light of their own national conditions and opposes outside forces making indiscreet remarks or criticisms in Africa and interfering in African nations' internal affairs.

Jiang Zemin said: In the past 17 years since China launched the drive of reform and opening up to the outside world, its national economy has registered sustained and rapid development; its comprehensive national strength has been continuously enhanced; and a marked improvement has been achieved in its people's living standards. In the course, we have summed up an important experience, namely, placing great stress on handling the relationship between reform, development, and stability well. Development is the goal; reform is the motive force for development; and stability is the prerequisite of development and reform.

Jiang Zemin said: China and Kenya have a time-honored traditional friendship. As early as 500 years ago, Zheng He, a Chinese navigator of the Ming dynasty, led his ocean-going fleet and arrived at Malindi, Kenya. In the cause of striving for national independence, opposing foreign interference, and building the country, the peoples of the two countries have sympathized and supported with each other, thus forging a profound friendship. Since President Moi assumed office, the relations between the two countries have developed smoothly; mutual understanding has deepened continuously; and cooperation has further expanded. President Moi's three successful visits to China have made important contributions to the development of bilateral relations.

Jiang Zemin said: "My delegation and I have come to Kenya to make it clear to your government and people that the Chinese Government and people cherish the friendly relations and cooperation, stand ready to enhance bilateral cooperation international affairs, work hard to explore and open up new areas and new ways of mutually beneficial cooperation, and make their own contributions in promoting the friendly relations and cooperation between the two countries. I am convinced that with concerted efforts and careful cultivation from both sides, the flower of friendship between China and Kenya will become more gorgeous."

Present at today's banquet were about 200 guests, including all accompanying members of the Chinese delegation and some working personnel, as well as some senior officials of the Kenyan Government. The banquet was permeated from beginning to end with a warm atmosphere of friendship. During the feast, the band played "Yangliu Qing [Green Willow]," a folk music from President Jiang Zemin's native province of Jiangsu, for the honored guests.

West Europe

PRC: Visit of Finnish Justice Chancellor Viewed
LD1305175196 Helsinki Suomen Yleisradio Network in Finnish 1430 GMT 13 May 96

[FBIS Translated Excerpt] The chancellor of justice, Jorma S. Aalto, is currently paying an official visit to China at the invitation of the Chinese procurator general. The visit by the chancellor of justice began last Thursday but was only publicly announced today. Pekka Kujasalo, head of the Asia section in the Foreign Ministry, says that this is normal cooperation between Finland and China. [passage omitted]

[Correspondent Sari Taussi] According to information from the office of the chancellor of justice, during the weekend the chancellor of justice acquainted himself with the prosecutor's office in the southern province of Guangdong and a local correctional school. He has also met the prosecuting authorities in the special economic zone of Shenzhen. Tomorrow Chancellor Aalto will have talks with Chinese Procurator General Zhang Siqing in Beijing. The chancellor of justice is accompanied among others by the public prosecutors of Helsinki and Joensuu. The trip by the five-member group is due to end on Friday.

According to the Foreign Ministry, there is nothing exceptional about the trip. Pekka Kujasalo says that in this way both sides gain valuable information. The Foreign Ministry also says that the trip is not in any way connected with a protocol on legal cooperation between Finland and China. The protocol is due to be signed during departmental head Kirsti Rissanen's visit to China in the autumn.

However, the fact that information is given only now about the trip which began already last week has caused surprise. K.J. Laang, chief director of the prison administration, who is involved in the cooperation, says that this is explained by the independent information policy adopted by the office of the chancellor of justice. The Foreign Ministry's political department at least was not aware of the timing of the visit.

PRC: Portuguese President Meets XINHUA Chief
10 May

OW1105055696 Beijing XINHUA in English 0527 GMT 11 May 96

[FBIS Transcribed Text] Lisbon, May 10 (XINHUA) — Portuguese President Jorge Sampaio said today that he would strive to ensure the smooth transfer of power when Macao is returned to China in 1999.

The newly-elected president made this remark at a meeting with Guo Chaoren, president of China's XINHUA News Agency, who arrived here on Thursday [9 May].

Sampaio said that it was the duty of Portugal and China to jointly ensure the smooth transfer which would be closely watched by the international community.

He noted that the Sino-Portuguese joint communique on the issue of Macao was an important document which he described as more significant than the transfer itself.

Sampaio said that further cooperation between the XINHUA News Agency and its Portuguese equivalent LUSA will be conducive to the smooth transfer as well as to the friendly ties between the two countries.

Guo is visiting Portugal at the invitation of LUSA Director Pederoso Marques.

Political & Social**PRC: Li Peng Urges End to 'Nonessential' Inspections Abroad***HK1405082496 Hong Kong TA KUNG PAO in Chinese 9 May 96 p a2*

[Dispatch from Beijing on 8 May: "Li Peng Talks About Inspection Tours Abroad, Urging To Stop Those Nonessential Inspections"]

[PTS Translated Text for FBIS] Beijing, 8 May [TA KUNG PAO] — Chinese Prime Minister Li Peng said this afternoon: It is necessary to conduct inspection tours abroad, but we must attach importance to the actual results. Reform and opening up have been carried out in China for 18 years, the time for general inspections abroad is over. It is now time to stop those nonessential inspections abroad.

Li Peng added: To promote contacts with the outside world, we should go abroad, and invite foreigners to come our country. We must place our emphasis on inviting foreigners to come to us. We must let more foreigners come to China to personally witness what has happened in our country to enhance their understanding of China.

Li Peng made the above-mentioned remarks while meeting with delegates attending the Second National Executive Council Meeting of The China Federation of International Friendly Cities. He called on those participants to conscientiously sum up their experiences, carry forward their achievements, overcome their shortcomings, and do their work in a down-to-earth manner. He also emphasized: Now there have been a great number of friendly cities. In the future, we must pay more attention to their quality, and enhance their level. It is necessary to carry out more substantive exchanges.

The three-day Second National Executive Council Meeting of The China Federation of International Friendly Cities opened here yesterday. It was learned that by the end of last year, 28 provinces, municipalities and autonomous regions, as well as 180 cities in China have established friendly city ties with 81 countries around the world.

PRC: Jiang Chunyun Addresses Flood Prevention Meeting*HK1405033896 Beijing XINHUA Domestic Service in Chinese 1212 GMT 7 May 96*

[Dispatch by reporters Lu Yongjing (7773 3057 1696) and Du Jichang (2629 4949 2490)]

[PTS Translated Text for FBIS] Tianjin 7 May (XINHUA) — The National General Headquarters for Flood

Prevention and Drought Control called its first session in Tianjin today. The session heard reports by the national flood prevention office and the relevant inspection teams on the condition of preparations for flood prevention on major rivers, analyzed this year's flood season situation, and made next-step work arrangements. Vice Premier Jiang Chunyun, member of the CPC Political Bureau and concurrently head of the National General Headquarters for Flood Prevention and Drought Control, delivered a speech at the session. He stressed: It is imperative to base ourselves on preventing massive floods; fighting immense natural calamities; grasping all work on preventing floods and fighting natural calamities early, firmly, and in a down-to-earth manner; and striving for smaller losses than past years based on a similar scale of natural calamities while ensuring bumper harvests, economic development, and the safety of people's lives and property.

Prior to the session, Jiang Chunyun headed comrades of the relevant departments to check on flood-prevention preparations in the Hai He valley. He inspected the flood prevention pivot at Yongding He's Lugouqiao, the Yongding He No. 1 pipe bridge, the Baiyangding 1,000-li dike, the Haihe sluice gate and the condition of silting in the estuary, and the construction of the flood-prevention dike in the section of Tanggu Railway Materials Factory on the Hai He, and asked in great detail about work to prepare for flood prevention and on existing problems. The National General Headquarters for Flood Prevention and Drought Control also sent teams to check on flood-prevention work before the flood period of the Huang He, the Huai He, the Tai Hu, and the Zhu Jiang.

At the session, Jiang Chunyun fully affirmed the tremendous accomplishments scored in flood prevention and drought control in China during the Eighth Five-Year Plan. At the same time, he indicated that China still faces many difficulties and problems in flood prevention and drought control, with the ability to fight natural calamities seriously falling short of the requirements for economic and social development. He said: To do a good and earnest job in work on flood prevention and drought control both this year and in the next few years, it is imperative further to unify our understanding of the important place of water conservancy work; the long-term nature and arduousness of the prevention and fight against natural calamities; further give play to the spirit of self-reliance, working hard and perseveringly, and understanding in the relation between the overall situation and the part so as to make our work more effective and to guarantee that work on flood prevention and drought control will mount a new plane.

On the tasks for work on flood prevention and drought control this year, Jiang Chunyun said: The Central Committee and the State Council attach great importance to work on flood prevention and drought control. General Secretary Jiang Zemin and Premier Li Peng have stressed on many occasions the need to base ourselves on preventing massive floods and on fighting immense natural calamities in doing a good job in the work on flood prevention and drought control, so as to ensure the safety of people's lives and property. In accordance with the spirit of the instructions of the Central Committee and the State Council, we must exert efforts to ensure the security of large rivers and lakes, as well as large and medium-sized reservoirs, and measures for flood prevention and flood fighting on medium-sized and small rivers and on small reservoirs also must be magnified. When a flood surfaces that is within standards, it is imperative to ensure safety; when floods surface that exceed standards, it is imperative to ensure that there will be no breach to large reservoirs and no collapse of dams on big rivers and lakes, and that large and medium-sized cities will not be flooded. In drought-control work, it is imperative to widen water resources, and to spread the practice of water-saving irrigation and dry land agricultural technology so as to ensure bumper harvests.

He required doing a good and thorough job at present in the following aspects: First, before the flood period arrives, it is imperative to complete the repair of projects damaged by previous flooding, and to do a good job of removing hazards and of reinforcement. Various localities must set a countdown for the arrival of major floods and a deadline for repairing projects damaged by previous floods; check hazardous projects, sectors, and reservoirs; and remove hidden dangers. It is imperative to continue to grasp firmly the removal of silt and obstacles in river courses and lakes. Second, it is imperative to grasp well the organization of the flood-prevention contingent and the marshalling of materials and equipment as early as possible; the marshalling of all sorts of flood-prevention materials and equipment, and the organization of emergency action plans must be carried out. Third, it is imperative to grasp firmly the formulation of various plans for flood prevention. In formulating plans, it is necessary to draw on historical experiences and lessons, while taking realistic conditions into consideration. In areas where flood water is to be kept to slow the flow, security measures for people must be implemented household by household. Meteorological and hydrological departments must augment monitoring and forecasting. Fourth, it is imperative to attach importance to strengthening flood-prevention work on medium-sized and small rivers and reservoirs, as well as on medium-sized and small cities, while ensuring the

safety of large rivers and lakes. Fifth, it is imperative to keep doing a good job in building farmland and water conservancy work. Various localities have scored results in building farmland and water conservancy work. It is necessary to work perseveringly and unremittingly to score still greater results to meet the requirements of General Secretary Jiang Zemin and Premier Li Peng.

According to Jiang Chunyun, in the long-term struggle to prevent floods and control drought, various localities have accumulated many good experiences, which are mainly: Adhering to grasping flood prevention and drought control simultaneously; adhering to building large, medium-sized, and small projects simultaneously; adhering to giving prominence to key projects, while taking general projects into consideration; adhering to the combination of a professional contingent with the masses; adhering to the principle of partial interests being subjected to the overall situation; and adhering to deepening the reform of water conservancy work and changing mechanisms. He said that earnestly to summarize and spread these experiences is of great significance to our understanding, to transforming nature, and to elevating our decisionmaking and level of command.

In conclusion, Jiang Chunyun stressed that the implementation of the responsibility system with the administrative chief is the key to doing a good job in work to prevent floods and control drought, and all departments should set up this system. Letters of responsibility must be signed with regard to key projects and tasks.

At the session, special study was devoted to preventing floods in the Hai He valleys. Having heard reports by Beijing, Tianjin, and Hebei on flood prevention along the Hai He, Jiang Chunyun stressed: It is imperative to fully see the great political, economic, and social significance of flood prevention and of ensuring the security of the Hai He valleys, to further strengthen the magnitude of work, to adopt effective measures, and to exert the greatest possible efforts to resolve existing problems so as to ensure that floods will pass the Hai He valleys safely, failing in no single point.

Liu Jimin and Chen Yaobang, deputy chiefs of National General Headquarters for Flood Prevention and Drought Control, and the responsible persons of various member-units attended the session. Other participants included Gao Dezhan, secretary of the Tianjin municipal party committee; Tianjin Mayor Zhang Lichang; and the relevant responsible persons of Beijing, Tianjin, and Hebei.

PRC: Report on Leaders' Activities 3-10 May
OW1105105696

[FBIS Report] PRC media monitored from 3 to 10 May carried the following reports on PRC Central leadership activities. The source is noted in parentheses after each report.

Li Tieying Watches Exhibition on Revolutionary Martyrs — The exhibition on the struggle carried out by revolutionary martyrs in the concentration camp under Sino-U.S. cooperation agency, which was aimed at marking the CPC's 75th founding anniversary and 65th anniversary of the Long March of the Red Army, opened in the Beijing Lu Xun Museum on 3 May. Li Tieying, member of the CPC Central Committee Political Bureau and state councillor, attended the opening ceremony. (Summary) (Beijing XINHUA Domestic Service in Chinese 0734 GMT 3 May 96)

Song Jian Presents Awards to Practical Technology Researchers — Over 200 young researchers with outstanding achievements in developing practical technology were awarded on 3 May. Wu Jieping, vice chairman of the Standing Committee of National People's Congress [NPC]; Song Jian, state councillor and minister in charge of State Science and Technology Commission; and Zhu Guangya, vice chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] and president of the Chinese Academy of Engineering, presented awards to the winners. (Summary) (Beijing Central People's Radio Network in Mandarin 1030 GMT 3 May 96)

Song Ping Visits Old Base of CPC Delegation in Nanjing — On an inspection tour to Jiangsu [date not specified], Song Ping visited Meiyuan Xinchun in Nanjing, where the CPC delegation was stationed 50 years ago. At the Meiyuan Xincun Memorial Hall, Song Ping bowed deeply and laid a wreath at Zhou Enlai's bronze statue. He told Jiangsu Party Secretary Chen Huanyou and Governor Zheng Silin about working and living conditions 50 years ago while touring the place, and inscribed "Carrying Forward the Style of Meiyuan and Bringing up a New Generation of Citizens with High Ideals, Moral Integrity, a Better Education and a Strong Sense of Discipline" for the memorial hall. (Summary) (Beijing XINHUA Domestic Service in Chinese 1032 GMT 3 May 96)

Wei Jianxing Hears Reports on Outstanding Workers' Deeds — The CPC Central Committee Propaganda Department and All-China Federation of Trade Unions [ACFTU] jointly held a report meeting on outstanding workers' deeds in Beijing on 3 May. Wei Jianxing, member of the CPC Central Committee Political Bureau and Secretariat and president of the ACFTU, attended

the meeting. (Summary) (Beijing XINHUA Domestic Service in Chinese 1230 GMT 3 May 96)

Ding Guanggen, Li Lanqing, Wei Jianxing Watch Performance — The first national theatrical festival of college students closed in Beijing on 3 May. Ding Guanggen, Li Lanqing, Wei Jianxing, and other leaders watched their performances and presented awards. (Summary) (Beijing XINHUA Domestic Service in Chinese 1353 GMT 3 May 96)

Song Ping Inspects Jiangsu — During an inspection tour in Jiangsu from 16 April to 4 May, Song Ping noted: "While promoting the realization of two shifts [the shift of the economic system from the traditional planned economy to a socialist market economy and the shift of economic growth mode from being extensive to intensive] in China, strengthening and improving the party's leadership and adhering to the principle of taking public ownership as the mainstay and effecting a simultaneous development of all economic sectors are the road to stepping up the development of a socialist market economy and achieving common prosperity." Song also visited factories and villages during the inspection. (Summary) (Beijing XINHUA Domestic Service in Chinese 0704 GMT 4 May 96)

Li Tieying Attends Meeting on Compiling Local Annals — The Second National Local Annals Work Conference was held in Beijing on 4 May. Li Tieying, state councillor and head of the Leading Group for Chinese Local Annals, attended the meeting. (Summary) (Beijing XINHUA Domestic Service in Chinese 0852 GMT 4 May 96)

Peng Peiyun Inspects Health Care Facilities in Henan — State Councillor Peng Peiyun recently inspected cooperative health care undertakings in rural areas in Kaifeng County, Henan Province. She spoke highly of this new health care system, under which the funds for the health care undertakings are raised from peasants and the operation of the undertakings are guided by the government. (Summary) (Beijing Central Television Program One Network in Mandarin 1100 GMT 4 May 96)

Tian Jiyun Inspects Hubei — Tian Jiyun, member of the CPC Central Committee Political Bureau and vice chairman of the NPC Standing Committee, conducted an inspection tour in Hubei from 2 to 5 May. He heard a briefing on work of the Hubei Provincial People's Congress Standing Committee during the inspection and said: "People's congresses at all levels should further improve legislation quality and intensify supervision, so as to establish a framework of legal system for a socialist market economy in China as soon as possible."

(Summary) (Beijing XINHUA Domestic Service in Chinese 0836 GMT 5 May 96)

Li Peng Visits Cattle Breeders in Anhui — On the morning of 3 May, Premier Li Peng called on a couple of peasants raising cattle and a leather factory in Fuyang, Anhui. Li inquired the peasants about the costs and profits from raising cattle. After visiting the factory, Li said cattle breeding, raising, and processing of cattle-related goods should be integrated, so as to increase economic returns and peasants' income. (Summary) (Beijing XINHUA Domestic Service in Chinese 0121 GMT 6 May 96)

Jiang Zemin Inscribes for Army Building — Jiang Zemin, general secretary of the CPC Central Committee, president of the state, and chairman of the Central Military Commission [CMC], recently inscribed for the Chinese People's Liberation Army [PLA] the following phrases: "Being Qualified Politically, Being Competent Militarily, Having a Fine Style of Work, Maintaining Strict Discipline, and Being Assured of Adequate Logistical Support." The five phrases were proposed by Jiang Zemin in December 1990 as the general demands for army building in the new period. Over the past five years or so, the PLA has been striving to fulfill the general demands and has attained a new level in building a modern, regular, and revolutionary army. (Text) (Beijing XINHUA Domestic Service in Chinese 0515 GMT 6 May 96)

Qiao Shi, Song Ping, Song Renqiong, Others Hail School Birthday — No. 8 Beijing Municipal Middle School marked its 75th birthday on 5 May. Qiao Shi, Tian Jiyun, Li Lanqing, Song Ping, and Song Renqiong wrote inscriptions on this occasion. (Summary) (Beijing XINHUA Domestic Service in Chinese 1150 GMT 6 May 96)

Wang Ke Stresses Auditing Work in the Army — The PLA General Political Department and General Logistics Department on 6 May commended advanced units and individuals in the army for their auditing work. Wang Ke, member of the CMC and director of the PLA General Logistics Department, said: "The core of the logistical work in the army at present and in the following period lies in properly using the limited funds and living a life of austerity. Auditing departments are shouldering important responsibility and heavy missions in this regard. Auditing departments at all levels must firmly carry out Comrade Jiang Zemin's important instructions on strengthening auditing supervision, conscientiously exercise their supervisory function in the spirit of highly responsible for army building, and conduct overall and effective supervision over the economic

work in the army." (Summary) (Beijing XINHUA Domestic Service in Chinese 1230 GMT 6 May 96)

Jiang Zemin, Li Peng Inscribe for Education Project — The State Education Commission and Ministry of Finance signed letter of responsibility for the "state compulsory education project in poor areas" with 12 provinces in Beijing on 7 May. Vice Premier Li Lanqing held a forum with vice governors from the 12 provinces after signing the documents. General Secretary Jiang Zemin and Premier Li Peng wrote inscriptions for the project. Jiang's inscription reads: "Conscientiously Implementing the Project of Fighting Poverty Through Education and Vigorously Improving the Quality of the Chinese Nation." Li's message reads: "Carrying out the Project of Fighting Poverty Through Education and Vigorously Raising the National Quality." (Summary) (Beijing XINHUA Domestic Service in Chinese 1207 GMT 7 May 96)

Li Tieying Addresses Meeting on Local Annals — Speaking at the closing of the Second National Local Annals Work Conference on 7 May, Li Tieying, member of the CPC Central Committee Political Bureau and state councillor, stressed: "Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line should be upheld in compiling local annals, so as to serve the construction of two civilizations, reform, and opening up." (Summary) (Beijing XINHUA Domestic Service in Chinese 1433 GMT 7 May 96)

Li Peng, Wu Bangguo Hail Phone Number Upgrading — Beijing successfully upgraded its telephone numbers from seven to eight digits on 8 May. Premier Li Peng wrote a congratulatory message: "Stepping Up the Development of Telecommunications Service and Improving Service Function in the Capital." Vice Premier Wu Bangguo also sent a letter of congratulations. (Summary) (Beijing XINHUA Domestic Service in Chinese 0820 GMT 8 May 96)

Jiang Zemin, Li Peng, Others Mourn Sun Shangqing's Death — Sun Shangqing, member of the Eighth NPC Financial and Economic Committee and the 21st Century Committee for China-Japan Friendship, and director general of the State Council Development Research Center, passed away in Beijing on 29 April. His remains were cremated on 8 May. Jiang Zemin, Li Peng, Qiao Shi, Zhu Rongji, Tian Jiyun, Li Lanqing, Li Tieying, Wu Bangguo, Zou Jiahua, Qian Qichen, Wen Jiabao, Wang Guangying, Luo Gan, and Hu Sheng sent wreaths; Zhu Rongji, Hu Jintao, Li Tieying, Wen Jiabao, and Luo Gan paid last respects to his remains. Zhu Rongji, Hu Jintao, Wu Bangguo, and Gu Mu placed phone calls to say their

condolences and Li Tieying visited Sun when he was ill. (Summary) (Beijing XINHUA Domestic Service in Chinese 1155 GMT 8 May 96)

Zou Jiahua Watches Exhibition of Aircraft Motors and Gas Turbines — Zou Jiahua, member of the CPC Central Committee Political Bureau and vice premier of the State Council, watched an exhibition of aircraft motors and gas turbines in Beijing on 8 May. He said: "We should encourage the broad masses of scientists and technicians to foster the concept of bringing forth new ideas." (Summary) (Beijing XINHUA Domestic Service in Chinese 1215 GMT 8 May 96)

Li Tieying, Chi Haotian, Yu Yongbo Visit PLA Soccer Team — On the afternoon of 8 May, Li Tieying, member of the CPC Central Committee Political Bureau and state councillor; Chi Haotian, CMC vice chairman, state councillor, and defense minister; and Yu Yongbo, CMC member and director of the PLA General Political Department, called on coaches and players of the 1 August Soccer Club. The three leaders urged the military soccer players to attach importance to politics and make contributions to the development of physical culture in China. (Summary) (Beijing XINHUA Domestic Service in Chinese 1329 GMT 8 May 96)

Song Jian Stresses Popularization of Science — A forum on the first birthday of the "Glory of Science and Technology," a program produced by Wuhan TV Station, was held in Beijing on 8 May. Song Jian, state councillor and minister in charge of the State Science and Technology Commission, said in a written statement: "As an important part of the state's basic construction and basic education, the popularization of science and technology is a grand social engineering of far-reaching significance. It can be properly carried out only through concerted efforts of the entire society, particularly the coordination between party and government leaders at all levels and mass organizations in the fields of science and technology, education, propaganda, and others." (Summary) (Beijing XINHUA Domestic Service in Chinese 1337 GMT 8 May 96)

Wen Jiabao Inspects Shanghai — Accompanied by Shanghai Vice Mayor Hua Jianmin, Wen Jiabao, alternate member of the CPC Central Committee Political Bureau and member of the CPC Central Committee Secretariat, inspected a hospital and two scientific research institutes in Shanghai on 30 April and 2 May. Wen noted that Shanghai must rely on scientific and technological progress to become a world economic, trade, and financial center. He said: "We should open to the outside world and make full use of foreign technology, funds, and markets, including developing standardized products and learning standardized management." (Sum-

mary) (Shanghai People's Radio Network in Mandarin 2300 GMT 8 May 96)

Chen Junsheng Visits Rabbit Breeders in Sichuan — State Councillor Chen Junsheng visited rabbit breeders in Shizhu County, Sichuan Province on 7 May. He inquired the rabbit breeders about the profits from raising rabbits and urged county leaders to study market economy to support rabbit breeding. (Summary) (Beijing XINHUA Domestic Service in Chinese 1051 GMT 9 May 96)

Zou Jiahua, Song Jian Commend Scientific Research Projects — Ten projects representing China's achievements in scientific and technological development in 1995 were commended by the State Science and Technology Commission on 9 May. Vice Premier Zou Jiahua and Song Jian, state councillor and minister in charge of the State Science and Technology Commission, presented awards to units concerned. (Summary) (Beijing XINHUA Domestic Service in Chinese 1133 GMT 9 May 96)

Jiang Zemin Inscribes for Games of the Handicapped — Chinese leaders have written inscriptions prior to the opening of the Fourth National Games for the Handicapped. Jiang Zemin: "Equality, Participation, Self-Improvement, Joint Advancement." Li Peng: "Unity, Dedication, Hard Struggle, Pioneering." Qiao Shi: "Developing the Physical Culture for the Handicapped and Increasing Their Chances of Social Participation on an Equal Footing." Li Tieying: "Promoting the Building of Strong Physique Among All Citizens and Developing the Physical Cultural of the Handicapped." Peng Peiyun: "Developing Physical Exercises for the Handicapped and Promoting Social Participation by the Handicapped." (Summary) (Beijing XINHUA Domestic Service in Chinese 1413 GMT 9 May 96)

Jiang Zemin Plants Tree in Kenya — After the talks with Kenyan President Moi on 9 May, President Jiang Zemin went to the Park of Independence in Nairobi and planted a tree of friendship there. (Summary) (Beijing XINHUA Domestic Service in Chinese 1557 GMT 9 May 96)

Jiang Zemin, Li Peng Inscribe for University Students' Games — Jiang Zemin and Li Peng recently wrote inscriptions for the Fifth National Games of University Students, which is slated for May and August in Xian. Jiang Zemin's inscription reads: "Developing Physical Culture on the Campus and Promoting the Construction of Socialist Spiritual Civilization." Li Peng's inscription reads: "Developing Physical Culture on the Campus and Improving Health of Students." (Summary) (Beijing Central People's Radio Network in Mandarin 2230 GMT 9 May 96)

Hu Jintao Mourns Poet's Death — A memorial service was held for Chinese poet Ai Qing in Beijing on 10 May. Hu Jintao, standing committee member of the CPC Central Committee Political Bureau, extended condolences to Ai Qing's family on 7 May. Ding Guangen, member of the CPC Central Committee Political Bureau and director of the CPC Central Committee Propaganda Department, attended the memorial service. (Summary) (Beijing Central Television Program One Network in Mandarin 1100 GMT 10 May 96)

Jiang Chunyun Speaks at Rural Propaganda Work — Ministry of Radio, Film, and Television held a forum on rural propaganda during the new period on 9 May. Jiang Chunyun, member of the CPC Central Committee Political Bureau and vice premier of the State Council, spoke at the meeting. Jiang urged TV and radio stations to conduct propaganda on the government's agricultural policy for the Ninth Five-Year Plan in rural areas. (Summary) (Beijing Central Television Program One Network in Mandarin 1100 GMT 10 May 96)

Li Peng Inaugurates Youth Art and Literary Works Contest — The Chinese Youth Art and Literary Works Contest was launched in Beijing on 10 May. Premier Li Peng wrote an inscription on this occasion: "Carrying Forward the Spirit of Lu Yi in Yanan and Nurturing Art and Literary Talents in the New Era." (Summary) (Beijing XINHUA Domestic Service in Chinese 0626 GMT 10 May 96)

PRC: Opening of National Film Conference Reported

*OW1405060796 Changsha HUNAN RIBAO
in Chinese 24 Mar 96 p 1*

[Unattributed report: "National Film Work Conference Opens in Changsha; Ding Guangen, Li Tieying, Wang Maolin, Liu Zhongde, Sun Jiazheng, Yang Zhengwu, and Others Attend the Conference"]

[FBIS Translated Text] After traversing a glorious course for 90 years, the Chinese film industry has ushered in another grand festive day. A national film conference opened solemnly in Changsha on 23 March.

The opening ceremony was presided over by Sun Jiazheng, minister of radio, film, and television. Ding Guangen, member of the CPC Central Committee Political Bureau, member of the CPC Central Committee Secretariat, and director of the CPC Central Committee Propaganda Department; Li Tieying, member of the CPC Central Committee Political Bureau and state councillor; Liu Zhongde, deputy director of the CPC Central Committee Propaganda Department and minister of culture; Liu Qibao, deputy secretary general of the State Council; Tian Congming and Zhao Shi, vice min-

isters of radio, film, and television; and Ai Qingchun, vice minister of culture, attended the conference.

Wang Maolin, secretary of the Hunan CPC Committee; Yang Zhengwu, deputy secretary of the provincial party committee and governor of Hunan; Chu Bo, deputy secretary of the provincial party committee; Zheng Peiming, deputy secretary of the provincial party committee and vice governor of Hunan; Wu Xiangdong, member of the provincial party committee standing committee and party secretary general; Wang Keying, member of the provincial party committee standing committee and executive vice governor of Hunan; Wen Xuande, member of the provincial party committee standing committee and director of the party Propaganda Department, attended today's conference.

At the opening ceremony, Ding Guangen gave an important speech entitled, "Some Opinions on Further Improving Film Work." He said the national film conference is being held to analyze the film work situation, to unify thinking, to raise understanding, to sum up experiences in film work, to solve problems in line with reality, to formulate a strategy for the development of movies, to deepen reform, and to ensure the smooth implementation of party policies. Through this conference, he called on all to clearly understand their functions and tasks; pluck up spirit; work with one heart and one mind to promote the healthy development of China's movie industry; and serve the people, socialism, and the general interests of the party and the country in a better way. He stressed the necessity to conscientiously study and implement General Secretary Jiang Zemin's important speech made at the meeting marking the 90th anniversary of China's film industry. Ding set the following five requirements: Clearly recognize the situation and be confident; clearly understand functions and serve the people; turn out more and better works to promote prosperity; deepen reform and improve management; and strengthen leadership and build up contingents. He called for promoting the spirit of working arduously in coordination and unity, respecting one's profession, making self-less sacrifices, and advancing in face of difficulties among the film circles, so as to create outstanding works worthy of the people and the times and to greet the coming of the new upsurge of development of the Chinese film industry.

In his speech, Li Tieying pointed out the speech made by Comrade Ding Guangen on behalf of the party Central Committee and the State Council has summed up the experience of China's film industry in the past several decades and constitutes a very good report. The aim of this conference is to discuss ways to comprehensively invigorate China's film industry and further flourish it. He expressed the hope that China's film industry will be

able to march into the 21st century and enter the world arena with Chinese style and characteristics.

Wang Maolin, secretary of the provincial party committee, addressed the conference, introducing the achievements Hunan has scored in the fields of movies and literature and art as a whole. In recent years, Hunan has annually produced six to eight movies and about 100 television dramas. More than 60 new plays have been staged. Eleven films, including "Mao Zedong and His Son," "Liu Shaoqi's 44 Days," and "Autumn Harvest Uprising," have received awards in the "five-goods project" [producing a good book, a good play, a good TV drama, a good film, and a good article each year] contest organized by the CPC Central Committee Propaganda Department. To encourage literary and art creations, the provincial authorities have established the Mao Zedong Literature Award Foundation, the Tian Han Drama Creations Award Foundation, and the Literary and Art Performance Foundation. They have also decided to set up a film and television development foundation and an art award foundation to promote the all-around development of literature and art.

Liu Zhongde, deputy director of the CPC Central Committee Propaganda Department and minister of culture, spoke at the conference.

Over 300 people attended the conference, including responsible comrades from the relevant central ministries and commissions; leaders from the propaganda departments of the provincial, city, and autonomous regional party committees; leaders from provincial, city, and autonomous regional cultural departments, radio and television departments, and film studios; and noted film artists and critics.

PRC: Ding Guangen, Others Speak at National Film Conference

*OW1405054996 Changsha HUNAN RIBAO
in Chinese 27 Mar 96 p 1*

[By HUNAN RIBAO reporters Cai Dong (5591 2767) and Zeng Henglin (2582 5899 2651): "National Film Conference Closes in Changsha; Sun Jiazeng, Tian Congming, Zhao Shi, Ai Qingchun, Wen Xuande, and Others Attend the Closing Ceremony"]

[FBIS Translated Text] A four-day national film conference designed to promote an all-around revitalization of China's film industry and create a brilliant phase of development for the third time in its history closed in Changsha yesterday afternoon.

While the conference was in session, Ding Guangen, member of the CPC Central Committee Political Bureau, member of the CPC Central Committee Secre-

tariat, and director of the CPC Central Committee Propaganda Department, gave an important speech.

Ding Guangen said: The Chinese film industry has traversed a glorious course for 90 years, leaving behind many outstanding films that enjoy great popularity and have far-reaching influence. In the past few decades, our film workers have written a glorious page for China's film industry and also for the world's film industry by plunging themselves into the torrents of the times, by demonstrating the Chinese people's fighting spirit in quest of a better life, depicting surging history, and portraying very touching artistic images. The brilliant success of China's film industry records the punctilious pursuit and dedication of our film workers and their outstanding contributions to the motherland, the people, and art.

Ding Guangen pointed out: Inspiring people and satisfying their increasing cultural needs constitutes the fundamental task of film workers. While films give people audio and visual pleasure, what is more important is their role on the mind and their great influence on the way of thinking and behavior of people, especially the youths. Our film workers should have a strong sense of responsibility. They should be responsible to society, art, and posterity. Our films should present to the audience the party's noble ideals and faith, its fine work-style, and the outstanding traditions and morality of the Chinese nation; artistic images that reflect patriotism, collectivism, and socialist ideology and spirit; and the style and features of heroic models who promote healthy social trends and work arduously. Our films should inspire people to share weal and woe with the motherland and the nation; cultivate people's noble morality and healthy aesthetic temperament and interest; and provide people with enlightenment, educational benefit, and pleasure.

Ding Guangen stressed: Our film workers should search for subject matter for their works from China's history and realities. Their works should reflect the spirit of the Chinese nation and give priority to the needs of the audience. This is the basis for developing Chinese movies. At the same time, Chinese film workers should learn from the means of expression and advanced technology from foreign films and make them serve China in line with national conditions. Chinese movies should step into the world arena to artistically demonstrate China's good image. Chinese movies can step into the world arena with dignity and help the world understand China in a better way only if they possess Chinese characteristics and style and are welcomed and loved by the Chinese audience.

Ding Guangen demanded: We must strengthen and improve party leadership over work related to films and pay attention to giving guidance to ideology of creation. We must guard against wanton interference, which adversely affects the enthusiasm of creative workers, and we must also guard against adopting a laissez-faire attitude and neglecting guidance. We must respect the creative labor of artists. We must make friends with film workers, strengthen contacts with them, enhance our understanding, and provide good conditions for their creative work and livelihood.

The delegates were warmly touched and deeply inspired by Ding Guangen's speech. They carried out a lively discussion, focusing on the speech's call for clearly recognizing the situation, defining responsibilities, creating fine works, strengthening management, and building a contingent issued. They also gave constructive suggestions on the (draft) "Several Viewpoints on Strengthening and Improving Film Work" and on the (draft) "Film Management Regulations."

At the exchange meeting held on the morning of 26 March, Wen Xuande, provincial party committee standing committee member and propaganda department director; Ye Zhikang, Shanghai Municipality's radio, film, and television director; Wang Xiaotang, August 1 Film Studio director; Han Sanping, Beijing Film Studio director; and Li Guomin, Changchun Film Studio director, introduced their experiences in promoting films and bringing prosperity to the film industry.

At the closing ceremony, Sun Jiazheng minister of radio, film, and television, gave a summing-up speech. He pointed out that the conference produced fruitful results in four major areas: first, it led to a clear understanding of the situation and enhanced people's confidence; second, it led to unity in thinking and firmly established the direction; third, it helped people grasp the central task and clearly defined their responsibilities; and fourth, it increased common understanding and promoted unity. He asked the delegates to concentrate on the central task and earnestly implement the conference guidelines after leaving the conference.

Also present at the closing ceremony were Tian Congning and Zhao Shi, vice ministers of radio, film, and television; Ai Qingchun, vice minister of culture; and Wen Xuande, provincial party committee standing committee member and propaganda department director; as well as comrades responsible for the central Propaganda Department, the Culture Ministry, and the Radio, Film, and Television Ministry; people in charge of party propaganda departments, culture departments (bureaus), radio and television departments (bureaus), and

film studios of various provinces, municipalities, and autonomous regions; and representatives of film artists.

PRC: Circular Issued on Administrative Punishment Law

OW1405120396 Beijing XINHUA in English
0747 GMT 14 May 96

[FBIS Transcribed Text] Beijing, May 14 (XINHUA) — The State Council, China's highest governing body, has urged governments at all levels and central departments to earnestly implement the Law on Administrative Punishment, which will come into force October 1.

In its latest circular, the State Council said that the Law is an "important law" that will standardize government behavior.

The circular orders governments at all levels and all departments to promptly train administrative personnel for enforcing laws and familiarize themselves with the provisions of the Law on Administrative Punishment.

Meanwhile, the governments and departments should also publicize the law to the general public.

The circular notes, "Administrative punishment defined by other documents will become null and void on the date the Law on Administrative Punishment goes into effect."

It emphasizes the importance of building a "highly efficient and honest" law-enforcement contingent as a major measure to implement the new law and improve administrative efficiency.

Local governments and legal affairs offices of various departments should undertake to supervise and inspect administrative punishment measures, it said.

"All the various departments of the State Council should study the introduction of an administrative law enforcement system that will meet the needs of the socialist market economy," it says.

PRC: NPC Standing Committee Examines Draft Laws

OW1305105996 Beijing XINHUA Domestic Service
in Chinese 1138 GMT 9 May 96

[By reporters Wang Jinfu (3076 6855 4395) and Liu Siyang (0491 1835 2254)]

[FBIS Translated Text] Beijing, 9 May (XINHUA) — Over the last few days, the 19th meeting of the National People's Congress Standing Committee has held group meetings to examine the draft law on accelerating the process of turning scientific and technological results

into productive forces, the draft vocational education law, and other draft laws, and has presented opinions on amending these draft laws.

In examining the draft law on accelerating the process of turning scientific and technological results into productive forces, members of the Standing Committee said: As China will soon enter the 21st century, implement the strategy of vitalizing the country through science and education, and bring about the two fundamental shifts, formulating and ratifying in a timely manner a law on accelerating the process of turning scientific and technological results into productive forces is very important to, and has great significance for, truly basing our national economic development on modern science and technology. Member Shen Xinsun said: The provisions of the current draft law cannot very effectively govern enterprises — the main media for turning scientific and technological results into productive forces. However, it contains clear stipulations on the formulation of government policy; on guiding enterprises to transform scientific and technological results into productive forces; and on the rights, interests, and responsibility resulting from the transformation process. From this perspective, formulation of the law has great practical significance.

Member Li Xuezhi said: Currently, there are many scientific and technological results, of which many have been patented. However, not many of them have been transformed into productive forces; therefore, we should strengthen leadership over the work and step up our efforts in this regard. He suggested that more regulations be made concerning the state's support and preferential policy for transforming scientific and technological results into productive forces in minority nationalities areas and economically underdeveloped areas. Member Chu Zhuang said some stipulations in the draft law should be coordinated with relevant stipulations in the Patent Law to ensure that the two laws can be enforced consistently.

In examining the draft vocational education law, Standing Committee members said: To develop vocational education, raise laborers' educational level, and accelerate the socialist modernization drive, it is very necessary to enact a vocational education law. After having been examined and revised several times, the current draft law has become more practical and feasible. It is suggested that the draft law be adopted after being further amended. Member Huang Yuzhang said: Considering that large numbers of people from all sectors of society receive vocational education and that conditions greatly differ between localities, it is inappropriate to set too high a demand on vocational schools and vocational education organs. Instead, we should stress the

need to gradually improve school conditions and raise the teaching standard.

PRC: Lawmakers Debate Draft National Defense Law

OW1305133696 Beijing XINHUA in English
1153 GMT 13 May 96

[FBIS Transcribed Text] Beijing, May 13 (XINHUA) — The Draft Law on National Defense, submitted to China's top legislature Saturday [11 May] for deliberation, was regarded as basically feasible and urged to be adopted after revisions by legislators here today.

Formulating such a law is necessary for the muscling up of the country's defense, defending territorial integrity, and maintaining world peace and long-term domestic stability, and should be passed after revisions, they maintained in panel discussions of the current session of the National People's Congress (NPC) Standing Committee.

Various proposals on improving the draft were aired in debates.

The principle of combining defense-industry technologies with civilian-use production, while giving priority to military production and supporting the military with civilian production spelled out in the draft law is in accordance with Deng Xiaoping's theory on building the Chinese armed forces in the new era, said legislator Lin Zongtang.

To put this principle into actual operation, the law should make relevant guarantees and ensure the coordinated growth of both defense and civilian industries, he said.

Legislator Huang Yuzhang said that it should be made crystal-clear that China will commit itself to world peace and never seek hegemony in the world arena, nor pose any threat to other countries.

PRC: State Seeks Solutions to Chronic Water Problem

HK1305073796 Beijing CHINA DAILY in English
11 May 96 p 1

[By Liang Chao: "Supplies of Water To Expand"]

[PTS Transcribed Text for FBIS] The Chinese Government has completed a programme aimed at resolving the chronic problem of water shortages in most Chinese cities.

The programme, which outlines the development of water supply sources for 270 of the 300 cities plagued

by water shortages, was unveiled yesterday by the Ministry of Water Resources.

The programme, according to a report released by the Ministry includes a total of 938 proposed projects of water sources which, when completed, are capable of supplying more than 150 million cubic metres of water per day to these cities.

All these cities are located in areas with access to China's seven longest rivers or large lakes including the Yangtze, Yellow, Huaihe and Haihe Rivers and Taihu Lake.

The ministry is also drafting more medium- and long-term plans for providing sources of water supply to more Chinese cities, officials said.

Half of China's more than 600 cities are short of water. Of them 108 cities are facing worsening water crises. These cities are responsible for a combined industrial output value of 120 billion yuan (over \$14.4 billion) officials said.

Experts with the ministry were confident that the basic water demand of the cities' industries and more than 80 million urban people could be ensured of adequate supplies if all of the planned projects were complete by 2010.

The programme's success is of vital importance for China to maintain the sustainable development of its national economy.

However, water shortages have long been a major factor restricting the further development of the economy, experts said.

According to the programme some projects will be erected across different river valleys and water systems and at least 162 billion yuan (about \$20 billion) of investment will be needed the ministry's experts said.

They hope the State can raise the money by widening fund raising channels such as the establishment of a State foundation for this purpose and the issue of stocks or use of possible overseas funds.

The plan will focus on cities including Dalian in North-east China's Liaoning Province, Qinhuangdao in North China's Hebei Province, Yantai in East China's Shandong Province, Xiamen in East China's Fujian Province, Shenzhen in South China's Guangdong Province and Beihai in South China's Guangxi Zhuang Autonomous Region.

PRC: State To Tighten Control of Pharmaceuticals
OW1305140696 Beijing XINHUA in English
1349 GMT 13 May 96

[FBIS Transcribed Text] Beijing, May 13 (XINHUA) — The Chinese government will tighten the control on the production and marketing of medicines in a bid to ensure that pharmaceuticals are safe and efficient.

Governments at all levels and relevant departments should closely observe the national laws and administrative regulations, and should not be led astray by localism, according to a recent circular issued by the State Council.

The circular pointed out that the management of medicine should be strengthened in order to stamp out illegal production and marketing.

The government will specially check sales commissions in the pharmaceuticals market, which has led to losses of state revenue, unfair competition and other problems, the circular said.

It also called on the units supplying basic medicines to guarantee the quality of medicines and strengthen the administration of medicine manufacturers and private medicine traders.

PRC: State Completes National Survey of Offshore Islands

OW1405080296 Beijing XINHUA in English
0726 GMT 14 May 96

[FBIS Transcribed Text] Beijing, May 14 (XINHUA) — China has completed its first national comprehensive survey of offshore island resources.

More than 13,400 scientists, technicians, and management personnel from 11 ministries participated in the eight-year survey. They gained 18.41 million items of data, 8.8 million samples and more than 50 million words of reports.

"The survey covered more than 6,500 islands all over Chinese territory, except for Taiwan, Hong Kong, Macao and Hainan," said Zhang Dengyi, director of the National Oceanographic Bureau.

The survey results show that bountiful biological, port and tourism resources, and various other kinds of natural resources have been found on the islands and nearby regions.

Among the surveyed islands, 433 are inhabited by a total of about 4.5 million people. The total coastline of islands, covering an area of 6,691 sq m [square miles], is over 12,000 km.

Most of these islands are located close to coastal regions, 70 percent of them being less than ten km from the mainland.

There are few large islands but many small islands scattered along the 18,000-km Chinese coastline in the forms of chains or archipelagoes. Islands with an area of less than 5,000 sq m each account for 98 percent of the total.

Six experimental island development zones have been established such as that of Changhai in Liaoning Province, Changdao in Shandong Province and Nanao in Guangdong Province. The gross output of the islands rose to 47.3 billion yuan (about 5.6 billion US dollars) in 1995 from 11.3 billion yuan in 1988.

PRC: Dissident Fu Shenqi Reportedly Released

*OW1405074196 Hong Kong AFP in English
0707 GMT 14 May 96*

[FBIS Transcribed Text] Shanghai, May 14 (AFP) — Veteran Chinese dissident Fu Shenqi has been released after serving a three-year sentence for inciting Shanghai dissidents and speaking to foreign journalists, sources said Tuesday (14 May).

"Fu was released on April 28, but we are not quite sure where he is at the moment," said the wife of another prominent Shanghai dissident.

Neither Fu, nor his wife, Li Liping, could be reached.

A prominent veteran of the 1978-79 Democracy Wall movement, Fu was arrested by police on June 26, 1993, in order to prevent him speaking to foreign journalists during a visit to Shanghai by Australian prime minister Paul Keating.

He was sentenced without trial on July 4 to three year's "re-education through labour."

According to the authorities, Fu had instigated a letter-writing campaign on behalf of a detained workers' rights activist, Wang Miaogen, and had incited a hunger strike outside police headquarters following the arrest of fellow dissident Zhang Xianliang.

The four activists involved in the hunger strike subsequently released a signed statement denying Fu's involvement, and Fu's wife has likewise denied that he took part in the campaign for Wang Miaogen.

Fu had been imprisoned on two separate occasions.

In 1981, he was sentenced to seven years for "counter-revolutionary activities" relating to two unofficial journals he edited during the Democracy Wall movement.

Released two years early, Fu continued to edit underground publications and was detained for a further two

years in May 1991 on charges of "counter-revolutionary propaganda and incitement."

PRC: Chen Muhua Addresses All-China Women's Federation

*OW1305135596 Beijing XINHUA in English
1311 GMT 13 May 96*

[FBIS Transcribed Text] Beijing, May 13 (XINHUA) — A nationwide campaign to implement the Development Program on Chinese Women, scheduled to last for one month, started here today.

The promotion activity, organized by the Women and Children's Work Committee of the State Council, is a specific response by the Chinese Government to the Fourth World Conference on Women and international conventions connected with it.

Delegates to the conference, which was held here in September 1995, strongly called for action to realize the goals of women's development set out by the conference and the Nairobi Forward-Looking Strategies for the Advancement of Women to the Year 2000.

Chen Muhua, chairperson of the All-China Women's Federation, told a conference here today that leaders at all levels and all walks of life of society should be aware of the 11 major goals set out in the Development Program.

These goals include having more women involved in state and social decision-making and management, protecting women's legal labor rights, and smashing crimes such as abducting women and prostitution.

The program also stressed that more attention and aid should be given to women living in remote and poor areas, and with ethnic minority backgrounds. All women living in poverty should be able to have enough food and clothing by the end of this century.

According to the program, a data bank on the situation of women in China will be set up and a better social environment be created for women's development.

Chen, also vice-chairperson of the Standing Committee of the National People's Congress, said that the 11 goals accord with the 12 fields of development specified in the platform of action passed by the World Conference on Women.

"The realization of these goals is a realistic step for implementing the Nairobi Forward-Looking Strategies for the Advancement of Women to the Year 2000," she added.

The program was issued by the Chinese Government in July 1995. Already, one third of China's 31 provinces,

autonomous regions and municipalities have worked out local development plans for women, with the rest to follow by the end of this year.

Chen asked local governments to help solve problems faced by today's women effectively, such as in education, health care, employment, political participation, poverty elimination and labor rights of women workers in joint ventures and private businesses.

China plans to control the rate of girl dropouts and girls who are deprived of education within two percent, and help three million women become literate each year. It is also making efforts to eliminate illiteracy among women born after 1949, when New China was founded, and above the age of 15, by the year 2000.

PRC: Red Cross Active in Earthquake Relief Work
OW1305084796 Beijing XINHUA in English
0828 GMT 13 May 96

[FBIS Transcribed Text] Beijing, May 13 (XINHUA) — The China Red Cross Society (CRCS) had raised 76.8 million yuan worth of relief supplies and funds for earthquake victims in south China's Yunnan Province and north China's Inner Mongolia, by May 11.

CRCS Vice-President Sun Boqiu said: "China has been struck by a number of serious natural disasters so far this year," and that funds and materials are being sent to disaster-stricken areas.

An earthquake hit Lijiang in Yunnan Province, another struck the Xinjiang Uygur Autonomous Region, and yet another hit the Baotou area in Inner Mongolia in the past several months this year. In addition to this, snow storms hit parts of Sichuan and Qinghai provinces and Tibet, while flooding affected parts of the Guangxi Zhuang Autonomous Region, and Fujian, Jiangxi and Hunan provinces.

Sun said that the CRCS has appealed to relief organizations and Red Cross societies in Hong, Taiwan, and overseas for aid for disaster victims and has received an enthusiastic response.

As is customary, the Hong Kong and Taiwan societies have provided extensive and effective disaster relief, she said, noting that, "Last year the CRCS raised funds and materials worth 96.6 million yuan for disaster victims and carried out relief work in 20 provinces."

PRC: Trade Schools Pass Senior High Schools in Enrollment

OW1405034196 Beijing XINHUA in English
0126 GMT 14 May 96

[FBIS Transcribed Text] Beijing, May 14 (XINHUA) — Enrollment in vocational schools has surpassed that of senior high schools, just one sign of many that vocational education in Beijing has made steady headway in the past 15 years, it is reported here.

According to the Beijing Education Commission (BEC), the ratio of those enrolled in vocational schools to those enrolled in senior high schools changed from 1:3.6 in 1980 to 3:2 by the end of last year, said Guo Zhongtian, vice-director of the Vocational Education Department of the BEC.

Guo attributed this reversal and the development of vocational schools to the close connection between vocational education and local economic development, and improvement in teaching quality, the China Daily reported.

More than 200,000 students have graduated from 174 vocational senior high schools in the city since 1980, when the schools began to function in China, according to Guo.

More than 95 percent of them have attained employment, representing nearly all trades and professions.

Vocational schools also provide junior high school students with more alternatives for schooling after graduation, although the first choice for the majority remains entrance into universities and colleges.

According to the BEC, about 85 percent of the 240 specialties offered by vocational schools concern the service sector, which has achieved rapid progress in recent years.

The Beijing Vocational Service Middle School, one of seven vocational middle schools which satisfy national standards regarding teacher qualifications and student grades, has provided about 30 local hotels and restaurants with 8,000 qualified service personnel over the past 15 years.

Meanwhile, Guo said, it's necessary to develop vocational education to a higher level to meet the continuous growth in demand for talented people.

Beijing, together with Shanghai and south China's Guangdong Province have led the country in developing vocational education, according to the BEC.

PRC: Selected Works of Ye Jianying Published

OW1205020396 Beijing XINHUA in English
0033 GMT 12 May 96

[FBIS Transcribed Text] Beijing, May 12 (XINHUA) — Selected works of the late Marshal Ye Jianying have come off the press and will be distributed throughout China from tomorrow.

The publication was in accordance with a decision of the Central Committee of the Communist Party of China (CPC). The works were compiled by the Editorial Committee on Party Literature of the CPC Central Committee and published by the People's Publishing House.

Ye Jianying died on October 22, 1986 at the age of 90. He was a Standing Committee member of the Political Bureau of the CPC Central Committee and chairman of the Standing Committee of the National People's Congress, China's legislature.

Ye was a great Marxist, an outstanding proletarian revolutionary and military strategist, and an outstanding leader of the CPC, the People's Republic of China and the Chinese People's Liberation Army.

His works include 85 major articles, reports, speeches and letters totaling 430,000 characters. Most of the works have been published for the first time.

The works demonstrate that in the course of liberating the Chinese people and in the course of socialist construction, Ye persisted in linking the universal truth of Marxism-Leninism with specific conditions in China, and made great contributions to the formation and development of Mao Zedong thought in such areas as politics, the economy, science, culture and foreign affairs, and particularly in military affairs.

The works also indicate that he also performed immortal deeds in leading the CPC in smashing the "Gang of Four" and creating a new situation in socialist construction.

They also show that in the 50 years of his revolutionary career, especially at the critical turns of the Chinese revolution and construction, Ye Jianying displayed the art of leadership in handling difficult and complex problems.

They reflect his style of using the Marxist stand, viewpoints and methods and adhering to the CPC's line of seeking truth from facts to analyze and solve new problems, as well as his strategic ideas and military tactics, and his outstanding ability to administer and invigorate China.

Ye Jianying also put forward important ideological and theoretical viewpoints on building the CPC and political power, democracy and the legal system, socialist modernization drive, the reform and opening up, the advancement of ideological and cultural progress, war and peace, building of the army and national defense, education, science and culture, the united front, China's reunification and the development of China's relations with the rest of the world.

The publication of the Selected Works of Ye Jianying is of great significance for the study, carrying on and development of Mao Zedong thought, the study of the theory of building socialism with Chinese characteristics, advancing the reform, opening up and the modernization drive, building of the army and national defense.

Military & Public Security**PRC: Jiang Zemin Motive in PLA Rectification Examined**

HK1405060996 Hong Kong SING TAO JIH PAO
in Chinese 2 May 96 p A2

[Report by reporter Kuang Tong-chou (6782 0681 5297): "Jiang Zemin Further Consolidates His Authority in the Army Through Closed-Door Ideological Rectification Campaign"]

[PTS Translated Text for FBIS] Well-informed sources state that ideological and educational rectification, which is in progress in the Army on the mainland, is actually an important measure taken by Jiang Zemin, CPC general secretary and chairman of the Central Military Commission [CMC], aimed at firmly establishing his authority in the Army.

The sources point out: The current rectification in the Army is being conducted behind closed doors. While studying documents, officers and men first are required to measure themselves by the relevant speeches and instructions of Jiang Zemin. They must carry out self-examinations to see whether or not they are keeping in line with Jiang. Furthermore, they are required to carry out self-examinations to see whether or they violate the relevant guideline, policies, or spirit of the central authorities. The previous wording "The CPC Central Committee with Jiang Zemin as the core" no longer appears in the documents; instead, the name of Jiang Zemin precedes the party Central Committee. This obviously is aimed at giving prominence to Jiang Zemin as an individual, and shows that he has firmly consolidated his position.

Since last year's Fifth Plenary Session of the 14th CPC Central Committee, in which Jiang Zemin formally issued his instructions on "paying attention to politics,"

the Army has become a unit that is most active and frequent in studying and implementing these instructions. In Beijing a few days ago, the General Political Department of the People's Liberation Army [PLA] held a meeting, attended by the chiefs of political work departments in the Army, to sum up and analyze the ideological rectification that has been in progress in the Army for several months. Yu Yongbo, director of the General Political Department, pointed out in particular: Jiang Zemin's instructions on "paying attention to politics" are a major issue of principle for army building in the new period. The rectification must be conducted around the main theme of "paying attention to politics."

The sources add: During the current rectification in the Army, Jiang Zemin also has put forward eight basic demarcation lines distinguishing between Marxism and anti-Marxism, and others. He urges officers to consciously draw demarcation lines in the study and rectification campaign so as to distinguish between two kinds of outlooks on life and two kinds of values, so as to increase their ideological and political level, and to enhance their capability in resisting corrosion by decadent ideology and culture.

According to an analysis, the aim of Jiang Zemin's instructions on "paying attention to politics" is to attack the forces of regionalism, warn his political foes, implement his organizational line, and heighten the influence of the central authorities. In the meantime, he is attempting to control the Army with political tactics and to put the armed forces under his absolute control. The PLA General Political Department has demanded that officers and men measure themselves with the documents they are studying. This shows that Jiang Zemin has controlled the Army politically and ideologically.

The sources also state that the study and rectification in various Army units, which will last 10 to 15 days, have been conducted behind closed doors. Officers at and above the regimental levels are required to make self-criticisms and to examine their own problems. The General Political Department urges them to fully expose contradictions and solve problems. The sources stress that after the rectification, there is no doubt that Jiang Zemin's authority in the Army will be further established.

PRC: Self-Reliance Viewed as Key Element in Opening Up

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in Chinese 15 Apr 96 pp 1, 6

[Article by Jie Lixuan (6043 6849 6513): "Carry Forward the Spirit of Patriotism During the Process of

Opening Up — On How To Differentiate Efforts To Introduce Advanced Technologies and Scientific Management Experience of the West From Malpractices of Worshiping Things Foreign and Fawning Upon Foreigners"]

[PTS Translated Text for FBIS] Opening the country to the outside world is a basic national policy that guides the building of socialism with Chinese characteristics. Reform and opening up have formed the most distinct feature of the country's new period, and have constituted the basic content and practice of China's second revolution. The practice of opening up has put an end to the country's past secluded and semisecluded state; made it possible to develop the socialist economy with foreign funds, technologies, and management experiences; and thus has tremendously promoted the building of our country's modernization. China's development cannot be separated from that of the world, and we must unswervingly uphold the principle of opening more fields to the outside world. At the same time, however, we also should note the fact that the gradual development of China's ties with advanced capitalist countries in the West also has brought along certain decadent practices and the negative influence of capitalism. Owing to erosion by the decadent capitalist ideologies and lifestyles of foreign countries, certain phenomena have emerged among some people, such as worshiping things foreign and fawning upon foreigners. Therefore, efforts to differentiate efforts to learn the advanced technologies and scientific management experience of the West from the malpractices of worshiping things foreign and fawning upon foreigners, and efforts to uphold and carry forward the spirit of patriotism during the process of opening up are undoubtedly of great and immediate significance to better implementing the basic national policy of opening up.

To differentiate efforts to learn the advanced technologies and scientific management experience of the West from the malpractices of worshiping things foreign and fawning upon foreigners, first of all, we should acquire a correct understanding of capitalism, and should boldly introduce and make use of the modern civilization achievements created by capitalist society on the one hand, while resolutely opposing "wholesale Westernization" and resisting the erosive influence of decadent capitalist ideologies and cultures on the other. Under the international environment marked by the coexistence of socialism and capitalism, the practice of opening up means dealing with capitalist countries. This gives rise to the question of how to understand the nature of capitalism. Over the past several centuries, capitalist society — and a number of advanced countries in particular — have accu-

ulated rich experience and have attained many historic civilization achievements in the development of their economies, science and technology, education, culture, and social management. *As a budding social system, socialism can only promote its own development and gain relative superiorities over capitalism by boldly drawing on and assimilating all the fruits of civilization created by human society, including capitalist society, and by bringing forth new creations in the light of new practice. Therefore, while building its socialist modernization, China should make use of both domestic and foreign resources, open up both domestic and international markets, and master the two sets of skills required for organizing domestic construction and promoting our economic relations with foreign countries.* Self-seclusion can only lead to backwardness. Only efforts to open the country's gates to the outside world, to make the best use of our advantages while bypassing disadvantages, and to learn widely from the strong points of other and turn them into our own strength, can be counted as a wise move. For a long period in the past, however, we laid excessive stress on the antagonism and struggle between socialism and capitalism to the neglect of the possibility that socialism also can learn from, use for reference, cooperate with, and make use of capitalism. As a result, we neither dared nor knew how to use and introduce advanced technologies and funds from foreign countries, and some comrades even believed that the introduction of a bigger amount of foreign investment would mean a greater danger of capitalism for the country. Such an understanding and practice only resulted in self-seclusion, thus widening China's gap with the world's advanced countries in the fields of scientific and technological development and economic growth. A host of facts have proved that in today's open world, it would be a blind alley to isolate oneself from the world and engage in construction behind doors that are closed to the outside world, and that we must unswervingly uphold the policy of opening up. However, the implementation of the opening up policy should not go to another extreme. What we must resolutely oppose is the trend to indiscriminately copy the practices of capitalism, regard everything in foreign countries as better than ours, and even advocate the transplantation of the capitalist system into our own country and go in for "wholesale Westernization." Comrade Mao Zedong once pointed out: "We should learn from the strong points of all nations and all countries, all genuinely good stuff in the fields of politics, economy, science and technology, literature, and the arts. However, we should adopt an analytical and critical approach, and must guard against the tendency of learning from foreign countries and copying their practices indiscriminately and mechanically." It is

not the attitude of Marxism to repel, without analysis, everything foreign or to copy indiscriminately all things foreign. During the process of opening up, we must distinguish the advanced technologies in capitalist society from the capitalist system. This means that we should boldly introduce the advanced technologies that reflect the world's current highest level of productive forces, with a view to rapidly enhancing the social productive power of our country and to accelerating the pace of its modernization drive, but must resolutely oppose and resist the private ownership and political system of capitalism.

We must distinguish the operating modes and management methods in the capitalist society that reflect the general law of modern economic activities from the operating and management system of capitalism designed to exploit the workers. This means that we should conscientiously study and draw lessons from the operating modes and management methods that suit the national conditions of our country, with a view to enhancing the country's labor productivity and promoting the development of the socialist market economy, but must resolutely get rid of and reject the operating modes that enable capitalists to extort surplus value from workers and that directly reflect the exploitative nature of capitalism. We must see to it that the position of the laboring people as the masters of our country will always remain unshaken. We must distinguish the advanced ideologies and cultures in capitalist society from decadent capitalist ideologies and cultures. This means that we should select the essence and discard the dross of things that can reflect the common accomplishments of human civilization in such fields as culture, science, and education, with a view to making foreign things serve China and weeding through the old to bring forth the new, while taking resolute steps to criticize and oppose the decadent and declining values and the extravagant lifestyles in capitalist culture, and to see that such things do not poison our people.

Comrade Deng Xiaoping has pointed out: "The implementation of the opening up policy inevitably will bring along some undesirable things, some things that will produce a negative influence among our people. If there is any risk in implementing this policy, this is the biggest risk." As a matter of fact, hostile forces in the West simply have no wish to see a strong and powerful China towering like a giant in the East, so to fulfill their political scheme of "Westernizing" and "disintegrating" China, they have never given up the attempt to "infiltrate" China with decadent capitalist ideologies and cultures, to turn China into their "dependency" and "colony," or to change the socialist nature of our country. We must maintain sharp vigilance against this.

To differentiate efforts to learn the advanced technologies and scientific management experience of the West from the malpractices of worshiping things foreign and fawning upon foreigners, we need to acquire a correct understanding and to adopt a correct attitude toward our own motherland, and to oppose both narrow nationalism and national nihilism. In modern times, China has had a history of closing itself to external contacts and subsequently becoming stagnated and backward for a long period of time, as well as the history of suffering from foreign aggressions and being reduced to the status of a colony and semicolony. All these things not only have led to the narrow nationalism of self-seclusion among some people, but also have given rise to a colonial-culture mentality among others, who worship things foreign and stand in awe of foreigners. Under the situation of reform and opening up wherein decadent capitalist things have gotten a chance to step in, the dregs of the colonial-culture mentality have begun to gain an upper hand again among certain people. Improperly belittling themselves, some people have indiscriminately criticized and cursed China's national culture and traditions. In their eyes, China is a picture of complete darkness, and "can realize modernization only after being reduced to a colony for 300 years." *Such phenomena of distorting the history and smearing our motherland and nation are totally intolerable to any Chinese with intuitive knowledge.* Comrade Jiang Zemin has pointed out: "There is no doubt that we must not belittle ourselves or lose faith in the socialist cause when studying and introducing the good things of capitalist countries. Not everything in China is backward, and the belief that China has to learn from foreign countries because it lacks the ability to develop itself proves to be a mentality of blindly worshiping things foreign, and is therefore a lopsided view." The Chinese nation enjoys a 5,000-year history of civilization, and has made immeasurable contribution to the progress of the world, and these are things of which every son and daughter of the Chinese nation should always feel proud. There is no denying the fact that compared with some advanced countries in the West, we still lag far behind in the economic, scientific, and other fields, but we also should notice that such a backward state is not only the result of China's prolonged self-seclusion and the decadent rule of the exploiting class in the old society, but also the result of the aggressions and plunder of big foreign powers. What merits our greater attention is the fact that although it is still relatively backward, China does not lag behind others in every field. In particular, with the practice of reform and opening up over the past decade and more, China's comprehensive national strength has been enhanced considerably, and it has taken precedence over more countries in the world in terms of economic

strength. Today, the people of all nationalities in the country are striving to fulfill the motherland's cross-century modernization targets. By the middle of the next century, China is expected to catch up with the world's moderately developed countries and basically to achieve the four modernizations, and so our lofty aspirations of enabling a strong and prosperous Chinese nation to stand proudly among the family of nations will be turned into reality. Our nation is a great nation and our country is a great country, and the building of socialism with Chinese characteristics enjoys bright prospects. *The Chinese people have a sense of national pride and dignity, and they regard it as the crowning glory to love their motherland and contribute all their energy to the building of their socialist country, and consider any move to impair the interests, dignity, and honor of their socialist motherland as the greatest disgrace. No matter what the circumstances, we should always maintain the dignity of the Chinese nation, preserve self-respect and self-confidence, and straighten the back of the Chinese nation.* Only in this way can we win the respect of the people in the world and better implement the policy of opening up.

To differentiate efforts to learn the advanced technologies and scientific management experience of the West from the malpractices of worshiping things foreign and fawning upon foreigners, we also need to acquire a correct understanding of the relations between foreign aid and self-reliance, and must consistently base the country's modernization drive on the foundation of independence and self-reliance. To successfully realize modernizations, we must promote our international ties and boldly introduce advanced experience, scientific and technological results, and funds from foreign countries. Ours is a socialist country, and therefore we will by no means open the country and seek development by brutally exploiting the people internally and plundering the resources of other countries through external aggression, as did the imperialists and colonialists. Neither will we sell out the interests, territories, and sovereignty of our own country, accept any "opening up" that will keep us in slavery, or beg for the "bestowal" of imperialists, as did old China. What is more, to a large and populous country like ours which has a weak economic foundation and a relatively backward economy and culture, we should not by any means rely on foreign aid for future development, for not a single country in the world can contract for the modernization of China. Modernization cannot be bought with money, neither will it be given to us as a present. Experience has told us that it is always highly risky to depend on foreign countries. China's affairs can be handled only by the Chinese, and the realization of China's socialist modernizations can be based only on the hard strug-

gle of the Chinese nation. That is why Comrade Deng Xiaoping has repeatedly stressed, when expounding on China's opening up policy, that "independence and self-reliance were, are, and always will be our foothold." In today's world, in which hegemonism and power politics still exist, certain big Western powers have never given up the strategy of containing China's development. Counting on their economic and scientific advantages, they are still attempting to seize China by the throat. This situation has forced us to regard independence and self-reliance as our fundamental foothold, and only by so doing can we safeguard the dignity of our country and gain the initiative in the practice of opening up. *Persistence in independence and self-reliance, in efforts to open the country to the outside world and to introduce the advanced technologies and scientific management experience of the West are not two diametrically opposed things, but a dialectical unity.* Based on independence and self-reliance, our practice of opening up means to expand the country's contacts with the outside world under the prerequisite of equality and mutual benefit. Therefore, we will by no means accept any additional conditions that are harmful to our national sovereignty in exchange for certain economic interests, neither should any foreign country cherish the hope of turning China into its dependency or that China will submit to humiliation and swallow any bitter pill that is damaging to its interests. The independence and self-reliance we are talking about are by no means tantamount to carrying out construction with our door locked against the world. Independence does not mean self-seclusion, nor does self-reliance mean blind exclusivism; instead, they aim at better implementing the opening up policy, and at promoting the practice of opening up onto a new and higher level. Practice has proven that *we will be unable to expand the scope of opening up without the foundation of independence and self-reliance; the more we enhance our capacity for self-reliance, the better we can do in opening the country to the outside world. Similarly, we should not give up the practice of opening up when upholding the principle of independence and self-reliance, and only through the practice of opening up can we better enhance our capacity for self-reliance.* Any understandings or behaviors that aim to separate the two from each other, or at setting the two against each other will prove totally wrong and harmful. Only by seeking a high degree of unity between the two can we successfully realize the grand blueprint of building ours into a socialist, modernized country.

The practice of opening up is a fundamental policy and a basic principle that China will uphold for a long period of time, and is the only way for the Chinese nation to seek greater development and turn itself into a powerful nation that can stand proudly

among the family of nations. As long as we correctly and unremittably implement the series of principles and policies formulated by the party Central Committee concerning the practice of opening up, we certainly can bring sustained, rapid, and healthy development to our economy, and can enable our socialist modernization drive to advance with greater strides.

PRC: PLA Daily Supports Multiple Systems of Ownership

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[Article by Jie Lixuan (6043 6849 6513): "Unswervingly Adhere to Public Ownership System as Mainstay — Draw Demarcation Line Between Privatization and Common Development of Multiple Economic Elements, With Public Ownership System as Mainstay"]

[PTS Translated Text for FBIS] Since reform and opening up, we have readjusted and reorganized the country's ownership system, this being one the most extensive and profound changes in the country's economic domain. On the basis of a scientific summation of both positive and negative experiences of the international communist movement and China's socialist construction, the party has decided to change the country's past ownership structure featuring "larger size, a higher degree of public ownership, and purity," to allow and encourage non-publicly owned economies to exist and develop, and to promote the common development of multiple economic elements, with the public ownership system — including the whole people's ownership system and the collective ownership system — as the mainstay, thus significantly pushing forward the country's national economic development, this being both a salient feature of the socialist economy with Chinese characteristics and an important Marxist economic theory development brought about by Comrade Deng Xiaoping. Comrade Jiang Zemin explicitly stated at the Fifth Plenary Session of the 14th CPC Central Committee: "We must adhere for a long time to come to the principle of common development of multiple economic elements, with the public ownership system as the mainstay." In order to comprehensively and correctly adhere to this principle, we should draw a demarcation line between privatization and the common development of multiple economic elements, with the public ownership system as the mainstay, and must earnestly unify our ideology in accordance with the CPC Central Committee's policy decision.

In order to draw a demarcation line between privatization and the common development of multiple economic elements, with the public economic ownership as the mainstay, we first should make it clear

that the common development of multiple economic elements, with public ownership as the mainstay is the only correct principle that is consistent with the country's present level in the developing productive forces and that is conducive to mobilizing all positive factors and building socialism with Chinese characteristics. In accordance with the tenets of historical materialism, as a crucial component of production relations, the production-means ownership system, whenever consistent with the development level of the productive forces, will help accelerate their development. China is still at the primary stage of socialism. Generally speaking, the development of China's productive forces is still at a relatively low level and is both multileveled and unbalanced, with the following manifestations in the main: The majority of the Chinese people still engage in agricultural production and make a living by doing handwork; China has only a few regions that are relatively well developed economically, but a large number of economically underdeveloped and even poor regions; China has only a small number of people well versed in advanced world science and technology, but a large number of people who know only a little about science and technology or who are illiterate or semilliterate; China has only a small commodity economy sector bred by socialized production, but large natural economy and seminatural economic sectors. The level of development of China's productive forces has determined that at the present stage, China's socialist economy can neither be subject to a unitary whole people's ownership system or to a purely public-ownership system. Therefore, on the premise of adhering to the public ownership system as the mainstay, China should try to allow and encourage the development of a multitude of economic elements, such as the individual economy, the private economy, and the foreign-funded economy, as well as other non-publicly owned economies, and should try to turn these economies into an indispensable supplement to the socialist publicly owned economy. Prior to the Third Plenary Session of the 11th CPC Central Committee, we one-sidedly pursued "larger size," "a higher degree of public ownership," and "purity," embarking, in fact, on the road of "developing the whole-people-owned economy, restricting the collectively owned economy, and eliminating the individually owned economy," with the result that we deviated from the basic national conditions and impaired the development of socialist productive forces. We have learned a profound lesson from this. The common development of multiple economic elements, with the public ownership system as the mainstay, is by no means a temporary measure of expediency, but a basic strategic principle that we should follow for a long time to

come. As it is impossible for us to fundamentally resolve within a short period of time such problems as a backward economy, a weak economic foundation, a large population, insufficient arable land, the ineffective utilization of resources, and so on, only by adhering to this correct principle for a long time to come and promoting the simultaneous development of the state-owned economic sector, the collectively owned economic sector, and the individually owned economic sector will we be able to integrate labor, capital, and technology in a variety of forms, through a variety of channels, and in a variety of ways; make full use of all sorts of social resources; mobilize the enthusiasm of all parties concerned; turn potential essential elements of productive forces into real productive forces; simultaneously utilize both foreign and domestic capital; simultaneously enlarge both international and domestic market shares; draw upon and utilize more foreign capital, technologies, and scientific management practices; and accelerate the country's national economic development. In order to adhere to this correct principle, we should neither follow the beaten track of "large size, a high degree of public ownership, and purity," which once adversely affected the development of the country's productive forces, nor practice privatization in China. We should fully comprehend both the scientific basis and the correctness of the principle of the common development of multiple economic elements, with the public ownership system as the mainstay, and should conscientiously implement and carry out this principle at the primary stage of socialism.

The key to drawing a demarcation line between privatization and the common development of multiple economic elements, with the public ownership system as the mainstay, lies in unswervingly adhering to the public ownership system as the mainstay. In accordance with Marxism, production means that the ownership form fundamentally determines the nature of a basic social system. Whether we should adhere to the public ownership system as the mainstay, or allow privatization to occupy a dominant position in the country's national economy is, in essence, a fundamental issue of principle concerning whether we are going to build socialism or capitalism in China. Comrade Deng Xiaoping has warned us time and again: "Socialism has two extremely important aspects, namely, adherence to the public ownership system as the mainstay and the absence of polarization." "Though we have allowed the individually owned economy, Sino-foreign joint venture enterprises, and foreign-funded enterprises to develop, we all along have adhered to the socialist public ownership system as the mainstay." Ours is a socialist country in which a socialist market economy rather than a capitalist market economy should be

developed. This determines that we should adhere to the public ownership system as the mainstay. Only by adhering to the public ownership system as the mainstay will we be able to meet natural and inherent demands of socialism, and to liberate and develop productive forces still further. Since the socialist public ownership system has removed the contradictions between socialized production and the private ownership of the means of production, the state will be able to conduct macroeconomic regulation and control to the largest possible extent; to distribute essential production means throughout society in a rational manner; to handle the economic-interest relations of all parties concerned through coordination; to concentrate on key aspects; and to accelerate the development of social productive forces. Adherence to the public ownership system as the mainstay is the basic premise and prerequisite for eliminating exploitation and polarization, and for achieving common prosperity. Should we fail to adhere to the public ownership system as the mainstay, we would be unable to implement the basic principle of distribution according to work, and will have to conduct distribution according to capital instead, thereby creating polarization. In particular, we should be aware of the fact that ours is a country with a population of 1.2 billion people, relatively insufficient resources, and a relatively backward economy. Under such circumstances, should we choose not to adhere to the public ownership system as the mainstay and to practice privatization, we inevitably would see a handful of people turning into upstarts, with the result that a vast number of people once again would be thrown into poverty, politically deprived of their rights as masters of the country, and turned into slaves of both foreign capital and a domestic exploiting class. In a nutshell, should we vacillate in our adherence to the public ownership system as the mainstay and take the road of privatization, we would see a fundamental change in the nature of Chinese society. Should this happen, the historical process of China's social development would be reversed, China's modernization drive would be held up, and the Chinese people's achievements under the leadership of the Communist Party would be irrevocably offset. Therefore, we should always be sober-minded about, and aware of this problem. The party has formulated clear-cut policies regarding so fundamental an issue as adherence to the public ownership system as the mainstay. Comrade Jiang Zemin pointed out at the Fifth Plenary Session of the 14th CPC Central Committee: "In order to adhere to the public ownership system as the mainstay, we should firmly grasp the following key aspects: 1) The proportion of state-owned and collectively owned assets should remain dominant in the country's overall social assets. 2) The state-owned economy should oc-

cupy a dominant position in all important departments and key fields that have a vital bearing on the country's national economic lifelines. 3) The state-owned economy should play a guiding role in the country's overall economic development. 4) The publicly owned economy, and state-owned enterprises in particular, should try to meet demands of the development of the socialist market economy, and should constantly engage in self-development and self-expansion." As long as we conscientiously implement and carry out these four important principles, we will be able to make a fundamental and clean break with privatization. It should be made clear that adherence to the public ownership system as the mainstay conforms with, rather than contradicts the readjustment of structural and specific forms and the reform of the public ownership system. On no account should we interpret such readjustment of structural and specific forms or reform as a negation of the public ownership system's dominant position or as "stealthy privatization." On the contrary, such readjustment and reform are aimed at developing and expanding the publicly owned economy and at firmly adhering to the public ownership system as the mainstay in the new situation.

In order to draw a demarcation line between privatization and the common development of multiple economic elements, with the public ownership system as the mainstay, and to adhere unswervingly to the public ownership system as the mainstay, we should correctly understand such issues as whether or not the public ownership system can be effectively integrated with a market economy. The socialist market economy is closely integrated with the basic socialist economic and political systems, and more importantly, with the socialist public ownership system. To organically integrate the public ownership system with the market economy is a great historical and pioneering exploration that has determined both the orientation and goals of the country's in-depth reform. In history, the market economy evolved and developed on the basis of the private ownership system. However, it is extremely wrong to suggest that the market economy is a patent of the capitalist society, that the socialist public ownership system is inherently antagonistic to the market economy, or that it is imperative to take the road of privatization and to eliminate the public ownership system in order to develop the market economy. Since reform and opening up, one of the major breakthroughs we have made with regard to scientific socialist theory is that we have shaken off the yoke of ideologically understanding the market economy as a basic social economic system, with the result that we have come to know that the market economy is merely a form of resource distribution, an economic means, and an element of economic op-

eration, and thereby in no way reflects the nature of a social system. As a form of resource distribution, the market economy can be integrated with both the capitalist private ownership system and the socialist public ownership system. The socialist public ownership system, which is a basic economic system, and the market economy, which is a form of resource distribution, are products of socialized production, and are based on large-scale socialized production. Only when productive forces have developed to a certain extent will it become possible and desirable to establish the socialist public ownership system. Fully developed productive forces will objectively demand that the market act as the basis of resource distribution. That the public ownership system and the market economy are of the same origin determines that the two are not antagonistic, this being the objective material basis for their integration. Thanks to reform and opening up, town and township enterprises have turned into a new force that suddenly has come to the fore, been freely swimming in the sea of the market economy, and witnessed world-renowned development. This has strongly proven that the public ownership system and the market economy are not antagonistic. The key to organically integrating the public ownership system, and state-owned enterprises in particular, with the market economy lies in finding a specific form to turn publicly owned enterprises into relatively independent principal bodies of interests and operation. We now have found such a form, which is the building of a modern enterprise system, as stated by the Third Plenary Session of the 14th CPC Central Committee. A modern enterprise system is capable of meeting two basic demands of the market economy: turning enterprises into independent legal entities that assume overall responsibility for their own operation, profits, and losses; and enabling enterprises to organize production and operation in accordance with market demands and to realize maximum efficiency. At present, some large and medium-sized state-owned enterprises are known for poor efficiency, colossal losses, and weak competitiveness, this being both the greatest challenge facing us with respect to integrating the public ownership system with the market economy, and an issue we have to explore and tackle at present. Nevertheless, we should on no account blindly think that state-owned enterprises cannot integrate with the market economy, or that the public ownership system's dominant position should be negated and privatization realized because of these problems. As a matter of fact, these problems on the part of certain large and medium-sized state-owned enterprises are not caused by adherence to the public ownership system, but by many complex factors, the most fundamental of which is that

we have not yet fundamentally resolved some in-depth contradictions and problems within the country's traditional planned-economy structure; enterprises have not yet really become legal entities and principal market competition bodies that assume overall responsibility for their own operation, profits, and losses, and engage in self-development and self-restriction; and enterprises have fallen short of what a modern enterprise system has required of them. However, as long as we carry out the arrangements made by the CPC Central Committee and the State Council; integrate the reorganization, transformation, and management improvement of state-owned enterprises; and work hard to build a modern enterprise system; we certainly will be able to resolve these difficulties and problems; fundamentally and organically integrate state-owned enterprises with the market economy; and enable large and medium-sized state-owned enterprises, which are the spinal column of the country's publicly owned economy and the pillar of the country's national economy, to score more brilliant successes under the new historical conditions of building a socialist market economy. In the meantime, we also should understand that effectively integrating the public ownership system, and particularly the state-owned economy, with the market economy, and building and perfecting a socialist market economic structure are an arduous and long-term exploration process that cannot be completed overnight. On the way forward, we should cast no doubt on the public ownership system's superiority, and should never vacillate in our conviction and confidence in the public ownership system's remaining the mainstay of the country's economy.

In order to draw a demarcation line between privatization and the common development of multiple economic elements, with the public ownership system as the mainstay, we should make it clear that allowing and encouraging the common development of multiple economic elements will not undermine the public ownership system's dominant position, nor will it change the nature of China's socialist economy. No society's economic formation is pure. A society's economic formation is determined in nature by a predominant economic element. Since reform and opening up, China's non-publicly owned economic sector has developed relatively rapidly, this being inevitable in the process of transforming unitary and publicly owned economic development into the common development of multiple economic elements. However, the publicly owned economy all along has remained absolutely superior in this process. The practice of reform and opening up has fully attested to the fact that the non-publicly owned economy, as a new growth point of the country's productive forces, not only has played a positive role in prospering urban and rural economies, enliven-

ing the market, making people's livelihood more convenient, creating jobs, and increasing revenue, but also has brought about a market competition mechanism; helped to shift publicly owned economic operational mechanisms, and especially the operational mechanisms of state-owned enterprises; and made necessary premises and prerequisites available for lateral association, cooperation, and the competition-based development of all sorts of ownership systems. In this sense, allowing and encouraging long-term coexistence, fair competition, survival of the fittest, and common development between the non-publicly owned and publicly owned economic sectors are conducive to the healthier and more successful development of the socialist market economy. In China's ownership structure, because it all along has been in a subordinate and submissive position and its activities all have along been influenced and restricted by the publicly owned economy, the non-publicly owned economy has been a necessary and beneficial supplement to the socialist economy. Therefore, the publicly owned and non-publicly owned economies cannot replace or overwhelm each other, and can only develop through coordination. Comrade Deng Xiaoping pointed out as early as in 1980s: "In the final analysis, inviting foreign capital and allowing the individually owned economy to exist and develop both are aimed at promoting the development of productive forces and at strengthening the publicly owned economy." Of course, the development of the non-publicly owned economic sector is likely to cause negative influences; however, the state can employ legal, economic, and administrative means to supervise and manage it; to control the scale, scope, and orientation of its development; standardize its economic and social behaviors; give scope to its positive aspects; and restrict its negative aspects. The party and government have been sober-minded in this regard. Thanks to the 18-year-long reform and opening up, China has taken a great stride forward with respect to economic construction, the people's livelihood, and comprehensive national strength as a result of the enormous contributions made by the publicly owned and non-publicly owned economic sectors. As long as we adhere to the principle of the common development of multiple economic elements, with the public ownership system as the mainstay, and build a rational ownership structure that corresponds to the country's national conditions and the development level of its productive forces, we certainly will be able to rejuvenate and invigorate the country's economy; secure sustained, rapid, and healthy national economic development; and create more labor productivity than can capitalism.

PRC: Armed Police Force Undergoes 'Major Reshuffle'

*HK1405073896 Hong Kong MING PAO in Chinese
1 May 96 p A10*

[By special correspondent Wang Pao-sheng (3769 0202 3912): "Reshuffle of Armed Police Corps Senior Officers With Rectification Conducted in a Big Way"]

[PTS Translated Text for FBIS] According to a source, Major General Hong Shaohu, incumbent commander of the Fujian Provincial People's Armed Police Corps, will be transferred to Guangdong to head the local armed police corps. Hong is expected to apply his experience in clamping down on smuggling across the Taiwan Strait in banning the rampant smuggling in Guangdong's coastal areas, and to carry out a major reshuffle of the Guangdong Provincial People's Armed Police Corps. The fate of Zhang Bingsheng, the incumbent commander of the Guangdong Provincial People's Armed Police Corps, remains unknown.

The Commander of Fujian Provincial People's Armed Police Corps Will Be Transferred to Guangdong

Hong Shaohu began his military career by serving in the field army under the former Fuzhou Military Region. Since he was transferred to the Fujian Provincial People's Armed Police Corps, he has been responsible for border defense and suppressing smuggling. He has made remarkable achievements owing to his sufficient mastery of the cross-strait situation and the relevant policy. He is now a major general and commander of the Fujian Provincial People's Armed Police Corps. His transfer suggests that the central authorities intend to eliminate smuggling along the Guangdong coast.

As a matter of fact, Hong's transfer is also an aspect of the on-going major reshuffle of the Chinese People's Armed Police Force. The Headquarters of Chinese People's Armed Police Force and the Central Military Commission [CMC] not only have decided to shelve the tentative plan for upgrading the status of the armed police force under the leadership of this CMC, which was part of the major military regions' plan to expand the size of corps-level units, but also have begun a major reshuffle after accomplishing a high-level personnel reorganization.

It is reported that the core task of the reshuffle underway is to exchange the principal officers of the armed police force in various localities, after the relevant model used by the major military regions of the People's Liberation Army [PLA], in which the commanders and political commissars of various provincial armed police

corps will be transferred to their counterparts' positions. To maintain stability, the armed police officers of neighboring provinces will be exchanged.

Armed Police Officers of Neighboring Provinces Will Be Exchanged

The armed police force formally came under CMC leadership in August of last year. The authorities concerned then planned to upgrade the force's status to the same level as the major military region, expanding its size, increasing staff, and updating equipment on a large scale, including providing it with heavy weapons like artillery and tanks, so that it would become a "secondary armed force."

However, the chaotic management of the armed police force has come under fire. The force has been described as being "loose, unruly, lordly, and luxury-loving." Members of the force not only killed Li Peiyao, a vice chairman of the National People's Congress, in an incident that shocked the world, but also beat the mayor of Xiamen, jointly hired prostitutes, and engaged in armed struggles.

Some people criticized Ba Dongtan, former commander of the Headquarters of Chinese People's Armed Police Force, for stressing individual factors, for making use of the personality cult to ensure submission, and for not paying attention to the management of the force. As a result, the force was not strictly managed and was undisciplined, harming its own building. Some high-ranking leaders also pointed out that the armed police, as an irregular force for domestic defense, lacked the strengthened management received by the regular Army, and the supervision by the people received by the police, with the result that a few black sheep became "bandits" who did whatever they liked.

Since his removal from office, Ba Zhongtan has completely retired on account of his old age, taking off his uniform and leading a civilian life. Yang Guoping, who succeeded him, has carried out a major reshuffle of the armed police.

Yang Guoping Has Succeeded Ba Zhongtan

Yang Guoping, the son of a general, was born in Hubei during the Long March years. He was one of the first children of senior cadres to join the War to Resist U.S. Aggression and Aid Korea.

Yang has worked in the Shenyang Military Region for a long time. He was appointed Army chief of staff after graduating from a military academy in 1983. In 1994, he was transferred from his post as chief of staff of the Jinan Military Region to become deputy commandant

of the National Defense University. Zhang Wannian is his comrade-in-arms.

It has been learned that the major armed police reshuffle and transformation has proceeded hand in hand with the major troop reorganization. The authorities have come up with a slogan of "setting strict demands on police." The reshuffle is being carried out from top to bottom, and is estimated to be completed by the end of the year.

In another development, the system for protecting senior officials also has undergone a major change. You Xigui, chief of the Central Guards Bureau, has received an order to take over a part of the guard tasks previously entrusted to the armed police. Certain key guard tasks, which were to be carried out by armed police, have been turned over to PLA units that have just been turned into armed police.

PRC: Central Organs Hold Meeting on 'Serious Crackdown'

OW1405090396 Beijing XINHUA Domestic Service in Chinese 0949 GMT 7 May 96

[By reporter Liu Siyang (0491 1835 2799)]

[FBIS Translated Text] Beijing, 7 May (XINHUA) — In Beijing on 7 May, the Party Work Committee of Central Government Organs and the Leading Group for Comprehensive Management of Social Security of Central Government Organs jointly held a "serious crackdown" work meeting at which central government organs were urged to take effective measures to carry out in depth the "serious crackdown" struggle in close cooperation with law departments and with Beijing municipality.

At present there are two million people who are involved with central government organs, including 670,000 people who work for central government organs. They account for almost one-fifth of Beijing's population.

Guo Ji, deputy head of the Leading Group for Comprehensive Management of Social Security of Central Government Organs, and head of the Government Offices Administration Bureau, noted at the meeting that central government organs are an important force in helping to maintain the capital's security. All leaders in party and government organs must, in the spirit of assuming high responsibility toward the party and the people, fully recognize the special importance of this "serious crackdown" struggle; unify thinking on the CPC Central Committee's decision; conscientiously help organizational work; and fully support the current "serious crackdown" struggle.

To ensure the smooth progress of the "serious crack-down" work, Guo Ji called on central government organs to immediately conduct a thorough security check of units under them; to review unsettled cases; to concentrate on checking security in their own organs and in family housing areas, as well as in hotels, reception centers, and recreation centers under their management, so that they will not become shelters for criminals. He also called for conscientiously conducting ideological education among regular as well as temporary staff members; adopting effective measures; running well one's own matters; doing a good job of in-house security; and managing well one's own personnel.

Jia Jun, executive deputy secretary of the Party Work Committee for Central Government Organs, presided over the meeting.

PRC: Ren Jianxing Addresses Meeting on Crime Crackdown

OW1005163896 Beijing XINHUA Domestic Service in Chinese 0808 GMT 10 May 96

[By RENMIN RIBAO reporter Su Ning (5685 1337), and XINHUA reporter Zhang Sutang (1728 1372 1016)]

[FBIS Translated Text] Beijing, 10 May (XINHUA) — On 10 May, the Central Committee for Comprehensive Management of Social Security [CCCMSS] called its 18th plenary session at the Great Hall of the People to convey the central authorities' guidelines on the crackdown and set forth assignments to the committee's member units. Addressing the meeting, Ren Jianxin, CPC Central Committee Secretariat member, Central Political Science and Law Commission [CPSLC] secretary, and CCCMSS chairman, noted that the crackdown is the most important part of the comprehensive management of social security; and all departments and units must give full scope to their responsibilities and resources and mobilize their manpower to go all out in cracking down on crime so as to improve social security and safeguard social stability.

CCCMSS Vice Chairmen Luo Gan, Zhang Siqing, and Cao Zhi; and members of CCCMSS member units were present at today's meeting. The meeting began its agenda with Shu Huaide, CPSLC Secretary General and CCCMSS member, conveying the central authorities' important directive on the need to meticulously organize the crackdown. Then, Vice Public Security Minister Mu Xinheng reported the performance of the ongoing crackdown. He said the actions that local authorities have taken to crack down on crime in response to the central authorities' decision have already achieved gratifying results; the first battle has been won, and a powerful crackdown momentum has been created.

Persons in charge of the Supreme People's Procuratorate, Supreme People's Court, Central Propaganda Department, Working Committee for Central Government Organs, Civil Affairs Ministry, Railways Ministry, Communications Ministry, Civil Aviation Administration of China, Post and Telecommunications Ministry, Communist Youth Corps Central Committee, and the General Political Department's Security Division, took the floor to state their views on how they should follow through with the central authorities' decision, take an active part in the crackdown, and make it a success.

Then Ren Jianxing took the floor. He began his speech by acknowledging the successes achieved since the crackdown was launched. He said: Because of the crackdown, we have cracked a large number of major pernicious cases that had bad effects, and which the public was concerned about, destroyed a large number of gangs that menaced the local areas and operated like criminal syndicates, and promptly prosecuted and sentenced a large number of felons who had committed serious crimes. The response from people of all social circles to the crackdown has been very favorable, and they applaud it, saying that the party and the government have performed a great service for them.

Ren Jianxin said: The crackdown on public offenses has a close bearing on reform, development, and stability, which have overall significance. Leading cadres must fully understand the crackdown's special significance, fully understand that whether or not they attend to the crackdown with actions serves as an important yardstick to judge whether or not they pay attention to political affairs as well as work with overall significance, consciously follow through with the central authorities' decision and plan, and attach great importance to the crackdown. The fight has just begun and there will be even more difficult tasks ahead. This being the case, we must continue to work hard and ride on our victories so that the crackdown can deepen.

Ren Jianxin urged all law enforcement departments to defy fatigue, continue to fight, work in close coordination with each other, and prosecute all cases thoroughly. He said: Our operations must always surround the crackdown's priorities, namely "cracking major cases, searching for escapees, and coming down hard on criminal gangs." We must make a substantive headway in dealing with the major problems, and go all out to ferret out the deeply-hidden felons and bring them to justice so as to completely destroy all criminal gangs and apprehend their members who ride roughshod over the neighborhoods. All law enforcement departments must discharge their responsibilities and work in coordination with one another in waging the general war against crime. All sectors must firmly follow through with the principle of

striking on crime according to the law, and harshly punish the criminal elements who have seriously menaced social security.

Ren Jianxin noted: We cannot count on law enforcement departments alone in cracking down on crime. Under the consolidated leadership of party committees and governments, all party and government departments, enterprises and institutions, and mass organizations must take an active part in the crackdown; and military, police, and the public must also work in close coordination with each other in cracking down on crime. According to the principle that "whoever in charge must take charge," leading comrades of all departments and units must take the initiative in undertaking the assignments that have been set for them. He said: Leading comrades of certain departments and units are still unaware of the importance of the crackdown, their actions are ineffective, and some have taken no actions at all. This is absolutely impermissible. They must immediately correct this problem otherwise they must be held accountable for their responsibilities.

Ren Jianxin stressed: The crackdown can facilitate the implementation of measures for the comprehensive management of social security, and we must carry out all the measures in a timely manner. Effective measures should be taken to deal with those problems discovered during the crackdown in all regions and units. To consolidate the successes achieved in the crackdown, we must build a stronger infrastructure at the grass-roots units, improve various rules and regulations, improve management, intensify prevention, and exert our utmost in reducing crime.

PRC: Ren Jianxin Speech on Crime Crackdown Outlined

OW1005151296 Beijing XINHUA in English
1429 GMT 10 May 96

[FBIS Transcribed Text] Beijing, May 10 (XINHUA) — A senior Chinese official today called for a nationwide campaign against major crime to be stepped up to maintain social stability.

Ren Jianxin, member of the Secretariat of the Chinese Communist Party's (CPC) Central Committee and Secretary of the Political Science and Law Committee under the CPC Central Committee, urged officials to attach greater importance to the campaign.

Ren, also Director of the Central Committee for Comprehensive Management of Public Security, made the call at the 18th plenary session of the committee in Beijing today.

The crackdown Ren talked about was launched by the Chinese central authorities on April 28, focusing on robbery and theft and crimes that targeted financial institutions and urban residential areas. The call urged improvements in social order in problem areas, smashing drug-trafficking and prostitution, and confiscating illegal firearms and ammunition.

Ren said that during the past 12 days, a batch of major cases have been cracked, and many Mafia-style criminals apprehended.

Meanwhile, a number of long term criminals on the run from police have been netted, and a number of major criminals have been punished under the law, he said.

The campaign has been welcomed by people from all walks of life, Ren noted, adding that the crackdown has only just begun and will be followed by more action.

"Sorting out the problem of social security and public safety has a major bearing on the nation's reform, development and stability. We must be fully aware of the special importance of the crackdown," he said.

He asked departments in the field of political science and law to continue to push forward the drive with concerted efforts and work hard for substantial successes in the crackdown.

The departments should also carry out the campaign under the unified leadership of party committees and governments at various levels, with assistance from other departments and organizations, Ren added.

He accused some officials of lacking sufficient consciousness about the importance of the crackdown, and claimed they had not taken sufficient, prompt action so far.

"Such a situation cannot be tolerated and should be changed at once, or the officials will be held responsible," he said.

Ren also stressed that the campaign has provided a favorable condition for implementing other measures in comprehensive management of public security, and all departments and localities should take advantage of this to improve public order.

PRC: Special Team Launched To Combat Counterfeiting

HK1405085096 Beijing CHINA DAILY in English
14 May 96 p 2

[By Chen Yanni: "Team To Fight Fake Renminbi"]

[PTS Transcribed Text for FBIS] A dramatic increase in counterfeiting has prompted the establishment of a

special team to combat the trend, according to a public security official.

In 1995, public security officers confiscated nearly 100 million yuan (\$12 million) in counterfeit bills, up 30 per cent from the previous year, said Chen Qing, chief of the counterfeit money and fake bill department of the Economic Protection Bureau, of the Ministry of Public Security.

Also, more than 40 million yuan (\$4.8 million) in fake treasury bonds and 2 million yuan (\$241,000) in counterfeit US dollars were seized by the police, Chen added.

"This kind of crime not only disrupts the country's economic and financial order but also damages the reputation of the renminbi," he said.

The team, made up of senior officials from the People's Bank of China, the Ministry of Public Security and other departments, will direct and co-ordinate the war against counterfeit money.

The amount of counterfeit bills confiscated is rising, indicating the circulation of fake bills has increased since the issue of the fourth edition of renminbi in 1989, Chen said.

Most of the fake money comes from overseas and is not easily distinguished from genuine currency, Chen said.

More than 80 per cent of counterfeit bills confiscated by the police in Guangdong, Fujian, Yunnan, Sichuan, Hainan provinces and Guangxi Zhuang Autonomous Region in 1994 were made overseas.

The southeastern coastal areas have become the major distribution centre and underground wholesale market for fake bills, Chen said.

The amount of counterfeit money seized by the police in Guangdong Province alone in 1995 accounted for more than 40 per cent of the country's total.

The fake money was mainly sold to the northeastern and northwestern regions, Chen said.

Fake bills slip into circulation by being sold to black marketeers at a low price or by being used to buy cultural relics, gold and agricultural by-products.

Chen said the public needs to know more about how to distinguish between fake and genuine currency.

General

PRC: Wang Maolin Views Central, Local Relations
HK1405053296 Beijing RENMIN RIBAO in Chinese
2 May 96 p 9

[Article by Wang Maolin (3769 5399 2651): Revealing New Connotation on Correctly Handling Relations Between Central and Local Authorities — Thoughts on Studying Comrade Jiang Zemin's "On Correctly Handling Several Major Relationships in Socialist Modernizations"]

[PTS Translated Text for FBIS] The relations between the central and local authorities are an important issue that has a direct bearing on the national unity, nationality solidarity, and harmonious economic development of the whole country. In his article "Correctly Handle Several Important Relations in Socialist Modernization," Comrade Jiang Zemin has set out a general principle for handling this important relation well: There must be a unity that embodies the interests of the overall situation, as well as the flexibility of simultaneously taking local interests into consideration; there must be a centralization that safeguards the state's authority in macroeconomic regulation and control, as well as the necessary power given to localities under centralized guidance. This general principle is guided by Deng Xiaoping's theory of building socialism with Chinese characteristics and by the party basic line, and has profoundly revealed the new connotation of relations between the central and local authorities in the process of socialist market economy operations.

Set Up a New Structure That Realizes an Appropriate Combination of Centralizing and Decentralizing National Financial Strength

In the process of economic operation, the degree of centralizing and decentralizing national financial strength has a direct bearing on whether or not the national economy is able to achieve sustained, rapid and healthy growth. Generally speaking, excessive centralization of the national economic strength, or the opposite situation, both will seriously affect national economic growth. With regard to building, completing and perfecting the socialist market economy structure, it is particularly necessary to pay attention to the solving the excessive decentralization of national financial strength. All parties concerned in the market proceed separately from the requirements of their own interests to organize production and operation so as to seek maximum profit. Under such circumstances, how are we to prevent injuring social interests and realize the maximum interest of the whole society when all parties concerned in the market are pursuing maximum profits? A solution can hardly be found by relying on the market

itself. It is necessary for the state, and especially for the central government, to centralize the necessary financial strength and to practice macroeconomic regulation and control over the market economy to a certain extent. This being the case, under market economy conditions, an important aspect in handling the relations between the central and local authorities is to realize the appropriate combination of centralization and decentralization of national economic strength, namely, the financial strength that should be in central control must be done so resolutely, and the financial strength that should go to localities must do so without discount so as to give play to the enthusiasm of both the central and local authorities.

With the implementation of decentralization and concession of interest since the Third Plenary Session of the 11th CPC Central Committee, China has changed the past distribution pattern characterized by a high degree of centralization by the central authorities, thus giving great play to enterprises' and localities' enthusiasm for economic development and augmenting the vigor of the national economy. However, the relations between the central and local authorities that took shape under the traditional planned-economy structure in the wake of decentralization and concession of interests have borne marked double-structure traces. For example, in the distribution and employment of economic strength, the phenomenon of unified control and monopoly by the central authorities over localities in some aspects, and the phenomenon of weak macroeconomic regulation and control coexist. The chief cause is that at present, the national financial strength is excessively decentralized, resulting in difficulties for central finance, weakening in the strength of macroeconomic regulation and control, and affecting healthy national economic growth. In addition, the degree of centralization or decentralization of the national economic strength will directly involve relations between the central and local authorities. At present, the public ownership economy in China possesses a certain administrative, jurisdictional quality; for example, enterprises are classified as central or local, or as town or township enterprises. An enterprise will divide and hand over its revenues in accordance with its administrative jurisdictional relation. Thus, those enterprises inevitably became appendages to governments at various levels. This practice has affected the separation of enterprise and government. With various localities vying to produce high-priced products with great profits, their repeated investment, construction, and imports — resulting in great waste — do not aid the reorganization of enterprise assets or the implementation of group operations, though they do contribute to the growth of decentralization. This being the case, we must set up a new structure of relations between the central and lo-

cal authorities (based on the requirements of the socialist market economy. Such a new structure must follow three basic criteria, the first of which is the market foundation. The degree of centralization or decentralization of national economic strength must be conducive to the conversion of China's economic structure from the traditional planned-economy structure to the socialist market economy structure, and to the market mechanism's playing the basic role in the allocation of social resources. We must see that the national economy is an organic whole, and the central authorities must formulate and implement national laws, principles and policies to ensure a balance in general volume and optimal structure, to maintain market unity throughout the country, and to promote the orderly operation and harmonious development of the national economy. At the same time, we must acknowledge the rationality of local governments' pursuit of local interests by utilizing the advantages of national economy in its entirety. Such appropriate decentralization on the basis of ensuring the unity of the entire economy promotes vigor in China's economy. We must actively push forward the reform of state-owned enterprises, set up a modern enterprise system, and realize the separation of government and enterprises. The enterprise, as the major aspect in market economy operations, must have autonomy in management and must assume sole responsibility for its profits or losses. Its relationship with the government is precisely one of "operating according to the law and paying taxes according to regulation." As for the distribution of revenues between the central and local authorities, that should be done in accordance with tax categories. Only then will it be possible to shape a unified market across the country, and eliminate the conditions for the rise of localism. The second criterion is that of the balance of power and responsibility. The central and local governments are the chief aspect of interests at two levels, and there must be an explicit definition of each of their financial, administrative, and decision-making powers. They must be commensurate, so as to shape a restrictive mechanism with the unity of power and responsibility so that the indispensable strength for the central authorities to conduct macroeconomic regulation and control may be ensured, while giving full play to the initiatives and enthusiasm of local advantages and resource potentials. The third criterion is that of legal norms. This precisely calls for the division and readjustment of financial, administrative, and decision-making power between the central and local governments. It is imperative to make explicit definitions through legal procedures, to maintain relative stability, to include it in the legal system, and to make it standardized.

Strengthen Central Unified Leadership, Earnestly Uphold Central Authoritativeness

Comrade Deng Xiaoping indicated: "To make reform successful, it is imperative to conduct it with leadership and in an orderly way; otherwise it will be chaos. How can it work if every one goes his own way? We must not pursue 'you have policy, I have counter-measures,' we must not pursue 'counter-measures' that run counter to central policy. We have been saying that for years. If the Central Committee and the State Council have no authority, the situation inevitably will go out of their hands." Therefore we can see that without powerful central authority to unify thinking and leadership, the state will fall apart, and stability is out of the question. This being the case, upholding central authority is the fundamental condition for the survival and development of the Chinese nation, as well as the requirement for ensuring national security, sociopolitical stability, harmonious economic development, deepening reform, and establishing the socialist market economy structure. Practice has demonstrated that the Central Committee, with Comrade Jiang Zemin as the core, is a mature, staunch core of leadership, that is able to govern the whole situation, leading the whole party and people throughout the country to build socialism with Chinese characteristics, and has enabled China to score new victories in reform, opening up, and modernization under complicated conditions, thus winning the support and trust of the whole party and of people throughout the country. To uphold the authority of the Central Committee, with Comrade Jiang Zemin as the core, is where lies the supreme interest of the whole party and the people throughout the country.

Some comrades have an erroneous understanding that only the planned-economy structure calls for upholding central authority, while this need does not exist in pursuing the socialist market economy. Practice has fully demonstrated that to build, complete, and perfect the socialist market economy structure, it is imperative to strengthen central unified leadership, and earnestly to uphold central authority. The idea and practice that pursuing the market economy means each going his own way, doing whatever one wants, and being independent of the state's macroeconomic regulation and control, are very harmful.

To uphold central authority, it is imperative first to iron out the relations of central macroeconomic regulation and control and of provincial economic regulation and control. Central macroeconomic regulation and control refer to regulation and control by the central authorities over the general economic volume and structure of the whole country, which includes

the formulation of national policy in the areas of industry, revenue distribution, finance and taxation, and foreign economic relations, as well as the circulation of banknotes, the determination of standard interest rates, the regulation of exchange rates, and the readjustment of important tax rates. All these powers must be concentrated in the central authorities. Only then will it be possible to ensure the balance of general economic volume and the optimization of the economic structure in China. This being the case, provincial economic regulation and control must subject to, and implement central policy of macroeconomic regulation and control so as to ensure the down-to-earth implementation of macroeconomic regulation and control. Here, the most important point is to establish the concept of the overall situation. To the overall situation of reform, opening up, and modernization of the whole country, a province is just a pawn in the overall situation. How this pawn moves must take into consideration the chessboard of the entire country. Some measures seem feasible and helpful to the locality, but otherwise to the overall situation. Under such circumstances, the locality must subject itself to the overall situation. For example, Hunan is a major agricultural province, and it transfers a huge volume of farm and sideline produce — such as grains, pigs and timber — to the whole country each year, thus supporting the overall situation of the whole country. Nevertheless, the comparative economic effects of agriculture are relatively low. Should we simply pursue the maximum local interest and relax agricultural development, the stability of the overall situation throughout the country would be affected. This being the case, proceeding from the needs of the overall situation throughout the country, Hunan is enthusiastically developing agriculture, and is building a modern powerful agricultural province. In short, only by doing a good job in local work based on the requirements of the overall situation will it be possible to uphold and genuinely support the overall situation.

To uphold central authority, it is imperative to correctly treat and handle the relations between various central departments and localities, and to do a good and earnest job in resolving the contradictions between departments and localities, and between various departments. First, we must affirm that the instructions, regulations, and circulars issued by various central departments are formulated so as to implement the central line, principle, and policies, which are the specific embodiment of the requirements of the Central Committee and the State Council. This being the case, local party committees and governments must enthusiastically support and coordinate with the work of various central departments, and must do a good job of organizing implementation. Second, it is also neces-

sary to see that at times, in central departments' opinions on certain special issues, the surfacing of some departmental interest tendency, which does not fully fit in with the requirements of the Central Committee and the State Council, can hardly be avoided. The disharmony and even the contradictions and frictions between localities and central departments arising from such circumstances cannot be said to be contradictions between the Central Committee and the State Council. This being the case, various central departments are liable to face a question of overcoming departmental interest tendencies, consciously upholding central authority, and actively maintaining unanimity with the Central Committee and the State Council, while enthusiastically supporting the work of localities. As administrative organizational reform has not been implemented completely, the establishment of central professional responsible departments remains excessive, with excessive power. As a result, various localities have to focus on these "departments," thus greatly weakening the power of local governments, and affecting local governments' comprehensive decision-making ability and power efficiency in economic management. Therefore, to correctly handle the relations between the central and local authorities, it is necessary to deepen political restructuring and administrative organizational reform.

Conduct Local Economic Regulation and Control With Creativity Under Unified Central Guidance

On the issue of handling relations between the central and local authorities, our party all along has stressed the need to give play to the enthusiasm of both. China is such a vast country, with such intricate conditions, that the enthusiasm of both the central and local authorities is better than the enthusiasm of just one aspect. Comrade Jiang Zemin has indicated: "Ours is a large country, with a large population, intricate conditions, and imbalances in economic development between various localities. Allowing localities the necessary power and greater flexibility to suit measures to local conditions, and giving play to the enthusiasm and creativity of localities in economic development is conducive to strengthening the vitality and vigor of the entire economy." The strengthening the vigor of the local economy is conducive to upholding central authority, and to consolidating and developing the national economy in its entirety. This being the case, it is imperative to do a good job in local economic regulation and control.

Generally speaking, local economic regulation and control mainly involves provinces, municipalities, autonomous regions, and cities that are listed singly in the plan. They conduct regulation of economic development and market operations within the realm

of their jurisdiction. There are five aspects to their functions and powers: 1) Formulating the mid- and long-range plans and strategy for economic and social development of the locality within the basic framework of central macroeconomic regulation and control, applying the market mechanisms to guide the optimal allocation of local resources, and giving play to local economic advantages. 2) Employing local financial funds and other local revenues rationally, based on the tax-sharing financial administrative structure; carrying out overall planning, and organizing the construction and development of important local infrastructure, public installations, and industry with advantages; pushing economic exchanges and combinations between localities; and creating a sound economic environment in the locality for enterprise production and operation, and for market operation. 3) Formulating economic and trade policy of the locality, under the prerequisite of implementing central unified policy without affecting the balance of general volume; regulating economic and trade activities of the locality, including production, investment, circulation, prices, foreign trade, foreign investment, and wages. 4) Setting up local urban cooperative banks, rural cooperative banks, and development banks based on the regulations of the state and the central bank so as to raise funds for production circulation, infrastructure, and capital industry of the locality; absorbing foreign capital and issuing local government bonds with central approval; determining interest rates for bank deposits and loans, and optimizing the loan structure within the floating range of standard interest rates stipulated by the central bank. 5) Formulating, supervising, and implementing local economic decrees and regulations linked to the actual conditions of the locality and according to state laws.

From the above, we can see that local economic regulation and control actually includes organizing and implementing central macroeconomic regulation and control policy, as well as formulating and implementing local economic development strategy — the latter being the implementation as well as the support and development of the former. This being the case, in doing a good job in local economic regulation and control, party committees and governments at all levels of a locality, and especially those at the provincial level, must have a strong sense of principle, initiatives, and creativity. Based on this understanding, in the operation of local economic regulation and control, it is necessary to pay attention to handling the following issues well:

First, party leading cadres at various levels, and senior cadres in particular, must be conscious of being good at viewing issues from a political angle. Poli-

tics is the focal expression of the economy. Handling relations between the central and local authorities is not only harmonizing the two-level — higher and lower — economic interest relations, but is also a political issue because it has a direct bearing on the combination of the market economy and the basic system of socialism in China, the role of the public-ownership economy as the major aspect, the realization of the goal of common prosperity, and the consolidation of the position of the party in office. In a nutshell, it has a bearing on consolidating and developing the socialist system, and is a fundamental issue at that. There are a multitude of things to take care of in the daily routine of a leading cadre, and contradictions are perplexing, complicated and confused. However, a leading cadre must consciously implement the Central Committee's principles and policies from a political plane, and must maintain unanimity with the Central Committee in ideology, action, and work.

Second, in implementing the Central Committee's principles and policies, we must never pursue book worship and copying them intact. It is imperative to indicate explicitly that copying central principles and policies intact is not genuinely implementing central instructions, but is only book worship, which Comrade Mao Zedong criticized long ago and which must be corrected as soon as possible. China has a vast territory, and conditions in various places do not follow a single pattern. In addition, the market economy is a dynamic economy. This being the case, it is necessary to be good at grasping the whole situation in essence and orientation; to have a thorough understanding of central instructions, while linking them closely to the actual conditions of the locality in studying the means, method, and strategy for implementing central principles and policies; and to work in a creative way so that central macroeconomic regulation and control may score the best possible results in the locality.

Third, in checking the work we are doing, we must adhere to the "three-conductive" criterion set out by Comrade Deng Xiaoping. At present, China is in a crucial stage of converting from the traditional planned-economy structure to the socialist market-economy structure. On the one hand, it is an undertaking unprecedented in history, without any ready experiences to which to refer, and it calls for our exploration. On the other hand, when the traditional economic pattern is broken, a temporary loss of balance and some spasms will take place, with new conditions, problems, and contradictions surfacing one after another, thus calling for our strong and effective ability to govern them. Under such circumstances, it is imperative for us to emancipate our minds and to advocate the spirit of daring to

blaze new trails, to make attempts, and to explore. In short, all things that conform to the "three-conductive" criterion set out by Comrade Deng Xiaoping are essentially things in conformity with central principles and policies. We must do them courageously, with an attitude of being responsible to the people for pushing the development of the productive forces.

Fourth, it is necessary to handle correctly the relations among the province, prefectures, cities, and counties. At present, the phenomenon of excessive centralization in the province and in provincial professional responsible departments remains, with the power of prefectures, cities, and counties weakened; likewise, this is not helpful to invigorating the economy. Hunan is a large province. It has mountains and hilly areas, as well as lakes. It has industrial cities and towns, as well as agricultural prefectures and counties, with great differences between various places. This being the case, we must allow prefectures, cities, and counties to organize their economic development according to their own conditions on the basis of organizing the implementation of central macroeconomic regulation and control policy, as well as provincial regulation and control. Provincial party committees and governments must not raise their left hands to complain of excessive centralization by the central authorities while using their right hands to pursue high-level centralization with regard to prefectures, cities, and counties. Among the province, prefectures, cities, and counties, their limits of power in economic control should also be divided rationally, with each administrative, financial and decision-making power explicitly defined, and an institution of unified power and responsibility established.

PRC: Economic Improvement Seen in Old Revolutionary Bases

*OW1305085796 Beijing XINHUA in English
0739 GMT 13 May 96*

[FBIS Transcribed Text] Chengdu, May 13 (XINHUA) — Many of the 80 million poverty-stricken people in China reportedly live in areas of old revolutionary bases where great contributions were made during the birth of the People's Republic of China - but things have been getting better for farmers in these areas.

Although they have long lagged far behind the rest of the country economically, in recent years, more investment has been made to help develop the economy and train personnel.

According to a symposium of the China Society for Promoting Construction of Former Revolutionary Base Areas, they have seen much progress in poverty-relief work, and much assistance has been provided to the

areas. Last year more than 5,000 children of martyrs were helped with one million yuan in assistance funds.

All the villages of the city of Lingyi in east China's Shandong Province now have access to highways and electricity, and a state assessment has shown that the city has largely got rid of poverty.

In Luohe City of central China's Henan Province, a massive "Fumin" (making people rich) project brought a great increase in farmers' income last year.

Farmers in Xuanhan, Wanyuan, and Quxian counties, in southwest China's Sichuan Province, had an average of 627 yuan in income and 405 kg in per capita grain, by developing the breeding industry in their areas.

***PRC: Representatives, Economists on Government Report**

*96CE0235A Hong Kong CHING-CHI TAO-PAO
[ECONOMIC REPORTER] in Chinese 18 Mar 96
No 11, pp 20-24*

[Article by staff reporter Chu Maochai (2612 3029 7872): "Enthusiastic Suggestions for Achieving Turn of the Century Development Goals"]

[FBIS Translated Text] Reviewing the "Government Work Report" and the "Outlets for Domestic Economic and Social Development During the Ninth Five-Year Plan and Long-Term Development to 2010" has been the major concern of the Fourth Session of the Eighth People's Congress and the Fourth Session of the Eighth National Political Consultative Conference. There is broad agreement among People's Congress representatives and Political Consultative Conference members that both the "Report" and the "Outlets" set forth realistic economic and social development goals. People have found it very encouraging, and in both small and large group discussions, representatives have been enthusiastically making suggestions for achieving our turn of the century development goals.

Government Work Report Has New Significance

The "Government Work Report" is issued every year, but the People's Congress representatives and National Political Consultative Conference members widely reflect the dominant impression that Premier Li Peng had of this year's report: it has new significance.

Representative Wu Shuqing [0702 2885 7230] noted two characteristics of the report. One is its emphasis on the economic system and economic growth from growing out of these "two fundamental changes." Its stress on the strategy of national growth through science and education and on permanent development, emphasizing

building two civilizations at the same time, are good and should be strengthened. This is an insightful summation of our historical experience and has a close grasp of the key focus of accomplishing the goals closely; it also emphasizes the national plan's macroscopic character, strategic character, and policy character instead of merely listing a group of planning goals. It focuses on raising the direction of social and economic development, its mission, and corresponding measures.

Representative Gao Yan [7559 6056] said that the "Report" and "Outlets" show the way for a victorious Eighth Five-Year Plan. This is by following resolutely the road of building socialist with Chinese characteristics, and unshakably adhering to the party's basic line. The report raises clear goals and strong measures. It provides the people with much encouragement and expresses the Chinese nation's ambition for self-construction and self-independence. From a strategic high level the "Report" and "Outlets" analyze the principles we must hold in the future from a different level; they emphasize that economic construction is at the core and they emphasize putting society's overall development in an important position to accomplish permanent development and a coordinated economy and society. This is of great significance for China to realize all of its modernization goals.

Member Gao Xingmin [7559 5281 3046] said the report provides a thorough analysis of the shortcomings that exist and the problems people care about, and it is very impressive. Member Li Zhicheng [0632 1807 2052] summed up his own feelings about the report by saying that it "is managerially strategic, methodical in its approach, provides budget-management capability, and is intended to reassure the people."

The Key Lies in Controlling Two Regulatory Goals

Unlike the previous "two conferences," the People's Congress representatives and National Political Consultative Conference members this year were markedly less critical of rising prices. This was due chiefly to the powerful and effective measures the government took last year to control prices. The rate of retail price rises fell from 1994's 25.7 percent to 14.8 percent, and this year it will drop further to around 10 percent. However, a significant number of representatives and members think we still should not ignore the price issue. Conference discussions showed a common understanding that we must continue to strengthen and improve macroscopic regulation, with particular focus on accomplishing two regulatory goals: one is making control of the rate of price rises the number one goal of macroscopic regulation, and two is maintaining an 8 percent economic growth rate during the Ninth Five-Year Plan.

Renowned economist Sun Shangqing [1327 1424 3237] said that looking back at the chief methods we used in the past to control prices, there are still some measures we could take other than economic. One is by implementing price reforms, two is implementing government subsidies, three is limiting prices by administrative order. However, building the socialist economic system depends on stable prices, so we must smooth the pricing relationship in order to basically establish the socialist market economic system. This will inevitably require stipulating some price reform measures. We can see that a 14.8 percent level is not stable, and we must make a greater effort to bring the degree of price rises to a level significantly lower than the rate of economic growth and spur economic development.

Linked to controlling inflation is the establishment of a rational economic growth rate. Another well-known economist, member Dai Yuanchen [2071 0954 2525] believes an 8 percent economic growth rate would suit the demands of controlling inflation. His analysis is that in the past few years, a significant problem for the Chinese economy has been the rising rate of inflation, caused by the blind pursuit of growth by blindly expanding the volume and scale of investment. Although inflation fell to a 14.8 percent rate last year, administrative measures played an important role, and the decline was not the result of market self-regulation. Also, even the 14.8 percent rate is considered high by international standards. At present, we lack a firm foundation for balancing gross economic volume, but this year we propose controlling the rate of inflation at about 10 percent, and getting it down to 5 percent by the end of Ninth Five-Year Plan. The hard part of meeting the demands of controlling inflation lies in not setting too high a goal for our economic growth rate; 8 percent is very scientific and will meet expectations.

Member Liu Guoguang [0491 0748 0342], another famous economist, thinks that under present circumstances simply pursuing a high economic growth rate, while certainly achieving that higher rate, will still make it difficult to resolve other problems we have in economic development, such as efficiency, energy resources, environmental problems, etc. It will make our development goal of "permanent, rapid, and healthy" growth difficult to achieve. So, looking at the current economic situation, an 8 percent growth rate is a rate that will maintain healthy economic growth, considering both the ability of our resources to bear it and the need to control inflation. It is a rate that will maintain healthy economic development. He also emphasizes that there are many hidden reasons why we could grow by more than 8 percent during the Eighth Five-Year

Plan: the macroscopic regulation and money shrinkage of the Eighth Five-Year Plan has made the eastern coastal provinces and cities feel pressured for several years now, and they want to have a soft takeoff in the Ninth Five-Year Plan; there is a large gap between the east and the central and western regions, and the latter have a very strong desire to speed up their development; each province, city, and prefecture will not set too low a growth rate when they set forth their own plans for the Ninth Five-Year Plan, and we must understand this trend as early as possible to build through powerful regulatory measures each locality's enthusiasm for speeding up their rates of pursuing the two changes.

As a representative from Hebei, Cheng Weigao [4453 4850 7559] expressed the thought that when a locality stipulates its development plan, it must implement the principles of the Central Committee, and this should also be the guiding principle for Hebei in developing its economy. When stipulating development plans for the Ninth Five-Year Plan, we must alter previous methods of relying chiefly on developing the extended economy, and establish those methods which rely chiefly on scientific and technical progress, probing internal potential to improve economic efficiency.

Strengthen the Basic Position of Agriculture

This year, the representatives at the two conferences paid considerable attention to agricultural issues. They believe that guaranteeing permanent and stable growth of agriculture and the rural economy is essential both for controlling inflation and for economic development over the next 15 years. It also will be a very important and difficult task during the Ninth Five-Year Plan. Representatives and members at the conferences had many good opinions on this. Members such as Zhang Tienan [1728 6993 3948] and others associated with the practical situation in Jilin, which has a large grain output, think that there currently are two outstanding problems which are limiting agricultural development: one is agricultural input, two is grain operations. She offers a statistic which explains that since the birth of China, input into basic agricultural construction had been 6.5 percent of the nation's basic construction input, but from 1979 it began to fall annually, and in 1994 it fell to 2.6 percent, its lowest point in history. Shortage of input causes a weak agricultural foundation, a reduced ability to cope with disaster, and finally leads to a dysfunctional comprehensive production ability.

She calls for improved recognition of agriculture's basic position by each level of leadership, full use of the government's role to increase input into agriculture, study and development of new channels to increase input; these will vigorously lead farmers and rural

collective economic organizations to increasing their own agricultural input.

As for grain operations, Zhang Tienan sees this problem: the grain ordering price does nothing to arouse farmers' enthusiasm, so grain production is economically inefficient, slowing income growth and making grain enterprises' policy-type losses great, placing a huge burden on enterprises and public finance. She suggests adopting practical measures to control the price of agricultural production materials, reducing the cost of grain production, improving the state's contracted grain purchasing price, and giving policy-type support to grain enterprise's taxation.

Representative Zhang Xinya [1728 2450 0068] also believes that to push Chinese grain production to a new level, in addition to arousing farmers' enthusiasm for growing grain, we should also coordinate grain and agriculture by production and production material's price relationship, changing the current "one high, one low, one heavy" situation in the countryside (high production material price, low grain purchase price, heavy farmer burden). We should also do a good job of popularizing agricultural science and technology, increasing grain output by increasing the scientific and technical content of farming. At the same time extend more favorable policies to certain production bases, in order to resolve the contradiction that those who sell more grain also suffer more loss.

Member Shen Zuhun [3088 4371 0243] has made some suggestions for developing food production. He believes food production developmental thought must get out of paying attention solely to grain production and only look at the existing cultivated land's restrictions. We must work on grain and nongrain food at the same time, using modern food concepts to direct development of Chinese food production.

Further Implement Reform of State-Owned Enterprises

Representative Geng Zhaojie [5105 2507 2638] pointed out that it is very important that state-owned enterprises do a good job of perfecting the reorganization of their assets. He cites the experience of the "Number One Auto Plant," and summarizes three of their experiences. One, we should not input a great deal of capital to invigorate large and medium-sized state-owned enterprises, but should take maximum advantage of existing assets. This task can be fulfilled by large enterprise groups, using their companies's advantages in capital, products, and technology to reorganize and perfect assets, converting low efficiency to high efficiency, changing losses to profits, and invigorating state-owned assets. Two, invigorating a large or medium-scale enterprise cannot

revitalize just that one enterprise in isolation but should affect many enterprises. Three, the focus of perfected reorganization is in perfecting and not simply merging or adding assets; there must be compensating advantages, choosing the road of economy of scale and professionalism.

Premier Li Peng's comments that the report urges the old industrial bases in places such as northeast China to speed up their reform and regulation measures has brought a huge response from representatives and members. Liaoning's Governor Wen Shizhen [5113 0013 7201], a representative, said that the older industrial bases are having a hard time in reform and this can be traced to two problems: one is the system problem, the other is the structure problem. He believes the key to resolving these two difficulties lies in accomplishing two fundamental changes in the form of the economic system and economic growth. Heilongjiang representative Tian Fengshan [3944 7685 1472] said that during the period of the Ninth Five-Year Plan, Heilongjiang will focus on technological renovation of backbone enterprises and upgrading superior products under the precondition of rationally controlling society's fixed asset scale. They will build up a base of 10 products, including Zhiwu tires and specialty steels, to the international level of advancement, and will develop five pillar industries, i.e., compact cars, petrochemicals, electronics, food, and medicine and drugs. This is to change completely the previous import and construction pattern of "small, but covering all, big also covering all," aiming for high-volume, low-level imports.

Hebei representative Yang Xinnong [2799 2450 6593] thinks that "focusing on the big" to vitalize enterprise is a systematic project, in which any link failing to catch up will affect the progress of all. Therefore, we must strengthen our oversight of "releasing" according to the true situation of small enterprises, and should not just "release" the small enterprise, guaranteeing the healthy development of state-owned enterprise while "releasing small enterprises."

Accelerating the Realization of "Two Fundamental Changes"

Accomplishing change in the forms of economic system and economic growth is an important governing principle in accomplishing turn of the century strategic goals, and the representatives and members had many ideas and suggestions on this. Jiangsu representative Xu Qiyao [1776 0366 5069] says that in order to accomplish the two changes, we must change three other things: our ideological concepts, our logical thinking, and our working methods. To develop the economy and our society, we must first of all overcome

the idea that "only more input can speed up development," and replace it with the idea of relying on scientific and technological progress to increase efficiency, and of seeking development by relying on talented personnel. Another example is in our working methods: we must comprehensively establish the modern enterprise system through implementing further reform, releasing the production force, and establishing and perfecting a complete social security system. The government must strengthen its macroregulatory function to achieve "small government, big society."

Member Wang Yuzhao [3769 6735 2507] stated that changing the form of economic growth requires resolving the problem of how to genuinely unify each level of leadership's thinking with the central government's policy decisions, and not just giving it oral expression but through actual releasing. There are still many places which advocate "rapid development" and paying attention to quantitative figures; there must be a halt to the phenomenon of "the figures bring out the cadre, the cadre brings out the figures." Member Feng Tiyun [7458 2748 0061] points out that at present, some people are wrong-headed in their ideological understanding, for example they express the contradiction that "only development is unshakable truth" while implementing the controlled growth form. They fear that should they slow down their pace of development and reduce their scale while others are unchanging, this will lead to their incurring losses in the future. If this sort of erroneous thinking is not cleared away, it will make it difficult for the "two changes" to show results, and they could even fail.

Member Yang Xiangbo [2799 4382 3134] suggested in a speech that promoting economy of scale and controlled operations in the Chinese commodity retail business will speed up modernization in the distribution area. For example, we should still bring into play the backbone role of large retail sales enterprises, relying on the reputation of large stores, with concentrated purchasing, scientific management, in order to reduce costs and supply good quality goods at low prices. For example, enthusiastically push the development of transportation sales. He believes we should consider an overall modernization plan for distribution businesses.

Pushing Coordinated Regional Economic Development

Two "hot topics" at the "two conferences" were the acceleration of economic development in the central and western regions, and pushing coordinated regional economic development. Some representatives from the west argued that the idea that investment in the more backward areas of the west is merely "helping" and cannot

make money is out of date. In fact, western development can be profitable. As an example, a Xinjiang representative provided calculations which dealt with development of agricultural resources. These showed that Xinjiang has over 60 million mu of excellent cultivatable land, and an investment of 100 million yuan could develop around 300,000 mu. If cotton were planted, this land could produce more than 350 million yuan annually. At present, Xinjiang has a very low usage rate of its water resources, and if a certain amount of capital were invested to upgrade existing water conservation facilities, there could be an annual savings of 10 billion cubic meters of water, and 1,200 mu of newly cultivated land could be watered.

Representative **Tian Changping** [3944 2052 1627] stated that Qinghai's basic development strategy is to "reform and open up, treating poverty as the path to prosperity, developing resources for a Qinghai boom." Compared with the developed areas of the east, our biggest limitation is our isolation, that isolation which comes from conservative thinking and ideology. In recent years, we have liberated our thoughts, reformed boldly, and raised the idea that "If you prosper I develop, if you prosper greatly I develop greatly," using favorable policies to push development of our resources. The Qinghai Potassium Fertilizer Plant has attracted nearly \$200 million in foreign capital and is just in the second phase of its development. If Qinghai continues in this direction, in a decade or so we will absolutely have prospects of reaching or surpassing the national average per capita income.

Some members such as **Tao Jianhua** [7118 1696 5478] pointed out that we must be vigorous in pushing for formation of a Beijing-Tianjin-Hebei economic zone, establishing a north China economic center. She suggested Tianjin as an appropriate central city. Beijing and Tianjin cannot develop without Hebei, nor can Hebei without the two cities. She thinks that pushing for formation of a Beijing-Tianjin-Hebei economic zone and establishment of a northern economic center will help spur development of north China, as well as opening and developing the central and western regions.

Member **Wu Rongke** [0702 2837 1870], Macao's import and export associate director, argues that the nation should enact some policy changes aimed at developing the central and western regions. These should include giving those areas more powers, favorable policies, and more flexible methods of attracting foreign capital and coastline capital, etc. He suggests that under the unified development and management of the central government, we should appropriately reduce the amount of profits returned to enterprises. The central government and localities should jointly invest in development, shar-

ing profits by investing and allowing the use of foreign capital to explore for some resources.

Strengthen Hong Kong and Macao's Economic Cooperation With the Interior

During the Ninth Five-Year Plan, Hong Kong and then Macao will return to the motherland. There will be new opportunities for Hong Kong and Macao to cooperate economically with the interior. National Political Consultative Conference Chairman **Li Ruihuan** [2621 3843 3883] stresses that for historical and social reasons there are some differences between Hong Kong residents and mainlanders in aspects such as lifestyles, ideological patterns, and language habits. They have different feelings and understandings about the Chinese Government resuming authority over Hong Kong and related issues. This situation will exist for a long time. The people of the interior will not try to remold Hong Kong people according to their own standards, nor will Hong Kong people hope to reform interior people according to their own standards, either. However, both sides must comply with the basic law; there has to be agreement on that. He expressed his belief that in the process whereby the Chinese people accomplish the great aims of the turn of the century, Hong Kong will still play a very important role, in fact an irreplaceable one.

CPC Shenzhen City Party Secretary **Li Youwei** [0632 2589 3634], a representative, made a suggestion for promoting Hong Kong's prosperity and stability. He said there must be proper implementation of "one country, two systems," with each mutually complementing each other with superiority and benefits. Six things must be done well (we will report on these in our next issue). CPC Zhuhai City Party Secretary **Liang Guangda** [2733 1639 1129], a representative, also emphasized bringing in the bridge function in strengthening Hong Kong and Macao's economic cooperation with the interior. Shanghai City Economic Committee Director **Xu Zhanyi** [1776 1807 3015], a representative, said that Shanghai will not compete with Hong Kong, but develop in concert with it and mutually promoting, for there are many places in which the two cities can be of assistance to each other. He stated that Shanghai will focus on developing super large-scale electronic circuitry, medical and environmental protection technology, while continuing to strengthen its six pillar industries of automobiles, electronics, textiles, chemicals, machinery and steel. Shanghai will develop high and new technology industries such as electronics, digital technology, modern biological projects, etc., as well as import financial capital to develop Shanghai's industry. Shanghai has a cooperative future with Hong Kong in these areas.

Hu Fa-kuang [5170 3127 0342], president of the Hong Kong Lingdian Group, also thinks that China will develop stably in the coming years, and that there will be many areas in which there will be cooperative development between interior and Hong Kong industrial and commercial circles. First of all is the financial securities project, which will use Hong Kong's advantages in the international financial securities business to allow domestic enterprises to obtain needed finances within a short period of time. At the same time, interior financial securities circles can absorb Hong Kong's effective model and development experience. Second, when it comes to developing the central and western regions, foreign business has little knowledge of those regions, so invest very little there; Hong Kong enterprises and businessmen can play an intermediary role to push economic development of the central and western regions. Third, in foreign trade, Hong Kong entrepreneurs and trade officials have rich foreign trade experience, are more familiar with international regulations and laws and the trading system, so they can furnish useful opinions regarding the interior's financial and economic organization and enterprises to push the speeding up our national foreign trade in conjunction with the international market. Hong Kong has the world's number one container port, advanced telecommunication facilities and networks as well as a global business environment which is beneficial to trade and a group of highly efficient service teams which can provide good services to inland enterprises developing foreign trade. In the representatives' and members' conversations, Hong Kong's unchallenged position in the Chinese economy was widely acknowledged.

Maintain the Nation's Unity and Territorial Completion by Developing Cross-Strait Economic and Trade Exchanges

During the period of the "two conferences", the National Congress representatives and National Political Consultative Conference members severely criticized the Taiwan authority's conspiracy to create "Two Chinas," "One China-One Taiwan," and "Taiwan Independence." They gave a high degree of attention to the cross-strait situation. Every representative from the party, nonparty democratic personnel, every people's group and minority affirmed their total support of the CPC General Secretary, President Jiang Zemin's eight issues concerned with the procedure for uniting the nation, while resolutely opposing any conspiracy to create "Two Chinas," "One China-One Taiwan," or "Taiwan Independence," deliberately separating Taiwan from the mainland; they firmly opposed interference by any foreign power in China's domestic affairs, and supporting "Taiwan Independence" for any reason. For a while, these became the

hot topics at the various meetings. On issues relevant to the nation's territory and completion of its authority, they opposed any separatist conspiracy and interference by foreign powers. The representatives' and members' clear and united attitude made a deep impression on us. Meanwhile, they expressed the feeling that we must continue cross-strait economic and cultural exchanges under the principal of maintaining our national unity and territorial completion.

Taiwan Association Central Committee Standing Member, Shanghai City Political Consultation Conference Deputy Chairman Zheng Lixi [6774 0536 1807] said that with the mainland beginning this year to implement the Ninth Five-Year Plan, the economy will maintain a high rate of growth, market economic reform measures will accelerate, and the customs tariff rate will drop significantly. Measures such as these will gradually bring the mainland economy into conjunction with the rest of the world, the investment environment will continue to improve, and these will all create more business opportunities. Although the tense cross-strait political relationship will not improve greatly in the short term, and will inevitably have a negative impact on cross-strait economic and trade exchange, there will still be many favorable conditions attracting Taiwan capital. He suggested: 1) Firmly implement the spirit of the speeches delivered by President Jiang Zemin and Premier Li Peng, and not permit political disputes to affect or interfere with cross-strait economic cooperation. No matter what the circumstances, we will all effectively maintain all proper rights and interests of Taiwan business. 2) Consciously implement the "PRC-Taiwan Investment Protection Law," encouraging relevant departments to issue as soon as possible nationwide implementation details in accordance with practical situations. 3) Under the prerequisite of implementing the principle of "giving priority where conditions are similar" to Taiwan investment, and "appropriately relax," it is more important that we try to reduce the Taiwanese investment burden and improve the social security environment and the investment environment. 4) Sum up and popularize the experiences of some areas, and move more quickly to extending resident treatment to Taiwan businessmen. 5) Adopt forms that Taiwanese businessmen will find easy to accept and that are convenient, provide them with timely information concerning relevant principles and policies, remove their "feelings of isolation" and complaints that "mainland policies change too much," and allow them do business in accordance with the law.

***PRC: Changing From Quantitative to Qualitative Growth**

96CE0236A Beijing JINGJI GUANLI [ECONOMIC MANAGEMENT] in Chinese 5 Feb 96 No 2, pp 11-13

[Article by Guo Kesha (6753 0344 5446): "Changing From the Quantitative Form of Growth to the Qualitative Form"]

[FBIS Translated Text] I. Changing the Form of Growth

The Fifth Plenary Session of the 14th Central Committee proposed that during the period from the Ninth Five-Year Plan to the year 2010, we must accelerate changes in the pattern of China's economic growth. This is very significant. At one time or another there have been four proposals made about changing the pattern of economic growth. One is that we change from the extension type to the intension type, a concept borrowed from Marx's "Das Kapital," in which Marx suggests that expanded reproduction has two forms, extension and intension. Two is that we change from the rough type to the concentrated type, and this comment has been made for nearly 20 years now. Three is that we change from the rapid type to the efficient type; this proposal was aimed at the basic shortcomings of our economic growth prior to the implementation of reform in China and was raised again during the early period of reform. Our biased pursuit of speedy growth before reform kept our growth efficiency very low. Four is that we change from the quantitative to the qualitative type. This proposal is in accordance with the nature of our economic growth, and during the latter half of 1994, some Central Committee leaders made this suggestion in connection with questions concerning the quality of our economic growth. There have also been comments made concerning the production output value type and structure type, but these have been made only on a very limited scale.

While these several proposals approach the issue from different angles, they are all basically in agreement as to substance, that is, they are all aimed at improving the level and standard of our economic growth. In my opinion the proposal of changing from quantitative to qualitative growth, or rather that economic growth should be changed from quantitative expansion type to the qualitative improvement type is better suited to modern economic growth trends and characteristics, i.e., it is more suited to "international practice." The early stages of large-scale capitalism were a period of quantitative expansion. After World War II and especially since the 1970's, the economic growth of developed nations has obviously changed from the quantitative to the qualitative type, and some newly industrialized nations are also going through this change. The reason for this is that

the new scientific and technological revolution and its application to production, the rising level of consumption in society and the changing consumption process, developmental trends in international trade and international competition and the global supply and demand situation and characteristics of natural resources have all pushed economic growth from the quantitative type to the qualitative type. This is an inevitable historical trend.

China's economic development has reached the stage of changing growth type. The larger environment of reform and opening has increased the significance of such change, while the reality of high inflation spurred by high growth lends urgency to the change. We should point out that changing from the quantitative type to the qualitative type is something that will be done over a long period of time, and this period can be divided into several stages; at present China is only at an early stage. This means we should change gradually from a predominantly quantitative expansion type to a predominantly qualitative growth type. Because this change is rather slow, we are raising the issue of speeding up the process.

II. Content and Prerequisites for Changing Growth Method

Qualitative growth is spoken of as opposite to quantitative growth: it has different content and prerequisites at differing stages of economic development. Looking at modern economic growth, especially international economic growth since the 1970's, qualitative growth generally has the following several characteristics:

One, qualitative growth is highly efficient, demonstrated chiefly by a high rate of growth in the Total Essential Production (TEP) index with a high contributing rate. This is an index of comparison in common use internationally. For example, in developed countries the TEP's rate of contribution to economic growth is as high as 60 to 70 percent, and the contribution rate in some newly industrialized nations can also exceed 50 percent; the TEP shows lasting and steady growth. While the TEP's contribution to growth was basically a negative figure before reform, and since the implementation of reform it has risen to 30 to 40 percent, the growth of TEP still is very unstable, and the trend is great.

Two is strength in international competition, demonstrated chiefly by high quality in various products and services while costs are relatively low. Rapidly rising demands for quality in the international market have resulted in the gross volume of most finished products exceeding demand while quality products are in short supply; as the gap between price and quality grows

larger, quality competition replaces price competition and becomes the number one factor, therefore high quality products are more competitive internationally. The impetus to Japan's rapid economic growth has come simply from a reliance on superior quality products.

Three is a low rate of inflation, that is, the inflation rate is low relative to the rate of economic growth, or inflation is a small degree of economic growth. After World War II and especially since the 1960's and 1970's, inflation has become a common phenomenon in each nation's economic growth, and the degree of inflation has a certain relationship with the speed of economic growth. About 70 percent of the countries with high economic growth also have high inflation, while about 30 percent have relatively low inflation. Therefore a low inflation rate is seen as one of the characteristics of qualitative growth. What we mean here by high economic growth is an average annual growth rate of more than 7 percent over more than 10 years, and by a relatively low inflationary rate we mean one that is lower than the economic growth rate or below 10 percent.

Four is a low degree of environmental pollution, which means a small environmentally polluted area and a low degree of pollution in the economic growth process. Environmental pollution is another by-product of economic growth, related both to speed of growth and level of development. Developing nations generally have a higher degree of pollution than do developed nations, and two causes are chiefly responsible: one, the low level of industrial mix, in which there is a large proportion of highly pollution industrial sectors; two, the low production technology level, in which the ability to control and prevent pollution is poor. Therefore, a low degree of environmental pollution is also characteristic of qualitative growth.

Generally speaking, the quality of economic growth is determined by the whole economy's input quality, operating quality, and output quality. Input quality includes the quality of production material resources and human resources; for example, the ratio of equipment to production, ratio of technology and ratio of quality, production workers' educational level, professional ability, and skill level, etc. Operating quality chiefly includes level of production technology, level of microscopic and macroscopic management, industrial mix relationship, etc. Output quality chiefly means the quality level of products and services, cost level, and structure situation. All three aspects involve nearly all industrial departments, with each department mutually relying and mutually restructuring. Meanwhile, input quality, operating quality, and output quality affect each other as well, and because economic growth is a consecutive

process, output quality will affect input quality and operating quality as well. Therefore, to promote the change from quantitative growth to qualitative growth, we must improve input quality and improve operating quality to attain the result of improving output quality as well as promote good circulation among them.

III. Macroeconomic Policy That Promotes Growth Change

Successful experiences in some newly industrialized nations show us that at this stage of economic development, macroeconomic policy plays a very important role in speeding up change of growth form. In China, due to an irrational enterprise system and a low market adjustment function, macroeconomic policy will be of more significance in promoting enterprises to change their growth form and strengthening the market adjustment function. During the period of the Ninth Five-Year Plan, we must pay attention to three major policies.

One, control the pace of economic growth. In China's present circumstances, high-speed growth and high-quality growth are like fish and bear palms, you can't have both. Theoretical analysis and practical experience both show us that in a situation where the economy is growing too fast, it is impossible to bring about a change in the form of growth because it is affected by an oversized market demand, irrational input mix, and an unstable macroenvironment. Speed of economic growth is very important to a developing country that is impoverished and backward, and China really needs the fastest rate of growth possible. However, if we ignore improvement in growth quality because of our pursuing short term rapid growth, it would be like students who quit school in order to make money sooner: the pursuit of short term income would mean a lost opportunity to earn greater income in the future.

Because China's economy often grows too rapidly, especially when the actual speed of growth often greatly exceeds the planned growth target, strengthening the macroregulation of speed is an issue worthy of high attention. From now to the end of the century, the annual average growth rate must be controlled to within 8 to 9 percent, and annual growth rate generally should not exceed 10 percent. This rate of growth is already something rarely seen among the world's high growth rates, but in China at its current stage it generally belongs to a high rate that can be accomplished. Under present circumstances of economic input and operations, if the speed of economic growth exceeds this level, there will appear another drop in efficiency, a quality wave and structural imbalance problem will cause severe inflation, which will again result in failure to achieve the change in growth form.

To achieve the goal of proper economic growth and create the conditions for changing the growth form, we must first strictly control local quantitative expansion and speed competition, and second we must control the investment, consumption, and currency issuance rates through efficient policies.

Two, adjust the focus of investment. In a situation where the speed of economic growth is quite rational and the macroeconomy is fairly stable, the first step in promoting growth form change policy is to adjust the investment focus. What we mean by adjusting the investment focus is changing from giving our attention to quantitative investment to giving it to qualitative investment, improving the investment rate of the second type. The objective in adjusting the investment focus is to provide improvement in growth quality by improving input quality. Investment that improves the quality of material resources acts chiefly as technology renovation investment, scientific research and technological development investment; investment in improving human resource quality acts chiefly as education and training. During the rapid economic growth of recent years, the quantitative type of investment was what expanded continuously, while the proportion of qualitative investment in material and human resources not only did not rise, it actually fell. According to theories of economic development and the experiences of other nations, we are in both a major stage of rapid economic growth and an important period of rising economic quality growth. If we do not at an early point in this stage implement investment structure change to promote rapid improvement in economic growth quality, the coming period of high economic growth will lack foundation and motivation. Therefore, it would be very significant if we could adjust the investment structure as soon as possible.

In this regard, we can refer to the methods and experiences of some newly industrialized nations. For example, in order to adjust its investment mix in the late 1970's, Singapore implemented various advantageous policies for enterprises investing in high technology, high increase value sectors, for investment that conducts research and development work to encourage and attract investors into research and development on new products and new technology. Meanwhile, it stipulates that enterprises must withhold 10 percent of their employees' salaries, to be paid into a skills development fund set up by the government, forcing enterprises to send people to participate in worker professional skills training sessions held frequently under united government auspices in order to speed up various technology training developments. As another example, South Korean has given a lot of attention to intellectual investment in order to digest and master advanced technology im-

ported from America and Japan. The public education fund has improved to 4 percent of GDP, which is 21.9 percent of the government budget (ranking 11th of 91 countries listed in 1985 World Bank statistics). In addition, the government passed a "Professional Training Law" which stipulates that all employees must have specialized education.

In order to meet the demands of accelerating the change in growth form, again referring to the experiences of other nations, we must promptly adjust the focus of investment and greatly increase investment in the quality of material and human resources. From now to the end of the century, the ratio of technology renovation investment should rise to between 33 and 35 percent, research and development investment in GNP should rise between 1.5 to 1.8 percent, and education funds in GNP should rise to between 3.8 to 4 percent. In addition, enterprises should be encouraged to rapidly expand their investment in technology development and increase their investment in employee technology training and managerial workers' training. We must facilitate expanded investment in these several aspects through effective policy measures and corresponding legal stipulations. Meanwhile, we should try to expand foreign capital use scale and ratio in these aspects as much as possible.

Three, improve the industrial mix. Why does a high economic growth rate in China always bring an imbalance in the industrial mix? There are three aspects to the reasons: one, overexpansion of the processing industry, while infrastructural industry and infrastructural investment find it difficult to meet demand; two, the proportion of consumption continues to rise, forming excessive demand pressures on fundamental industrial sectors; three, industrial growth cannot meet the changes in domestic and international market demand, so it is hard to bring about structural adjustment through the international market.

Therefore, China must change its situation of biased concentration in the industrial mix, speeding up the industrial mix's overall concentration, that is, improving structural efficiency to better coordinate relationships in the industrial mix and promote greater economic growth quality. Spoken of in this sense, improving the industrial mix is a policy measure which demands our attention in promoting change in the form of growth.

What we mean by improving industrial mix is organically combining coordination of relationships in the mix and improving the level of the mix. This includes improving agricultural development capability. The key to this lies in building the foundation of agricultural production; increasing the input of capital and science and

technology; improving the degree to which the agricultural sector applies science and technology, mechanization, and scaled operations; speeding up the development of high efficiency, high quality agriculture; and promoting the concentration of agricultural output mix. Controlling overexpansion in the processing industries while accelerating development of basic industry should both be linked to accelerating the progress of industrial technology, to the development of new and high technology industries, and to the renovation of traditional industrial technology. Consumption of energy and materials should be reduced by raising the level of industrial technology in order to reduce the pressures of demand from basic industry and infrastructural facility sectors. To speed up development of tertiary industry, the key lies in improving the development levels of sectors such as transportation and shipping, telecommunications and posts, finance and insurance, education, scientific research and technical services. Raising the proportion of these sectors is a major component of tertiary industry's internal structural concentration, and will ensure the foundation and coordination of the entire industrial structure. Meanwhile, we must increase the number of new products, new varieties, and new projects through improving product quality and service quality, improving product's technical content and added value. This will both improve suitability to domestic market demand changes and increase ability to use the international market to achieve structural changes.

During the Ninth Five-Year Plan, we must take advantage of the large-scale inflow of foreign capital that is predicted, reserve sufficient foreign exchange, expand our advanced technology facilities, import and absorb technological patents, and accelerate upgrading our industrial mix. We must make maximum use of our foreign capital and foreign enterprise capacity as well as our domestic civilian capital and nonstate-owned enterprise's capacity to increase investment in basic industry and infrastructural facilities. We must especially accelerate construction of basic facilities to better coordinate the industrial mix. Rational use of foreign capital to strengthen building the infrastructure and accelerate the upgrading and adjustment of the industrial mix has very important significance for nations short of capital funds.

*PRC: Analysis of People's Tolerance of Inflation
96CB0246A Beijing JINGJI GUANLI [ECONOMIC
MANAGEMENT] in Chinese 5 Feb 96 No 2, pp 15-17

[From the "Perspective of Hot Spots" column by Hu
Chi (5170 6688), edited by Shi Xiaohong (2457 2556

4767): "Tolerance of the Chinese People Toward Price
Rises"]

[FBIS Translated Text] It is the excessive increases of commodity prices that has been the most prominent problem in economic operations over the past few years.

The margin of price rises grew year by year during the entire Eight Five-Year Plan period. In particular, commodity prices rose by a considerably big margin in 1994, with the overall index of residents' consumer goods prices and the overall retail price index both exceeding 20 percent, which was the first time that the margin of price rises exceeded 20 percent in a year since reform began. Given the tremendous efforts made to bring down the price level of 1994 to a certain extent, the price level still remained high in 1995 due to the influence of the price soars in 1994 and the unresolved contradictions deepseated in the economic structure.

This article is particularly aimed at analyzing issues regarding residents' tolerance toward inflation.

Residents' tolerance is a concept which people often refer to in analyzing inflation issues. Then, what on earth does residents' tolerance mean? This is a rather complex concept, of which it is very difficult for people to acquire a good understanding, because it involves not merely economic factors, but social, psychological, and other noneconomic factors as well. Observing from the angle of economics, under the circumstances that the income of a resident (or residents, the same below) remains basically unchanged, if the prices of certain commodities rise, a substitution effect will evolve. That is, he will seek other commodities the prices of which are relatively stable, to keep his consumption level (or utility) basically unchanged, or to avoid a noticeable decline. Taken economically, the resident has tolerance toward price rises. If commodity prices surge in a greater scope and by a wider margin, the substitution effect will cease to work, and the resident's overall consumption level will almost certainly go down. At this moment, the resident is said to have no tolerance toward price rises. The analysis of a resident's tolerance in this article is primarily focused on the economic implications, with which psychological factors are also combined. In addition, in analyzing a resident's tolerance, the following three points should be taken as prerequisites:

First, the material foundation for a resident to have tolerance toward price rises rests with the amount of national income that he creates and his actual income level. Therefore, a resident's tolerance is directly proportional to his actual income level. The higher his income, the greater his scope for the selection of consumption. When

prices rise, he has larger room for adjustments in his consumption.

Second, theoretically, a resident will have tolerance to rising inflation as long as his income grows faster than inflation and the interest rates of bank deposits are higher than the inflation rate. But, in fact, this does not work when other factors are taken into consideration.

Third, a resident's tolerance is related to his mental condition and his judgment of the future. Hence, when inflation suddenly crops up, the resident's tolerance looks very weak. But, after inflation has occurred for a period of time, his tolerance has intensified because he has psychological anticipation of it and has made appropriate adjustments to his consumption behaviors. This anticipation of inflation will play a role in adding fuel to the flames of price hikes, and even bring about the phenomenon of hoarding and speculation. This is detrimental to the rectification of inflation.

The tolerance of the Chinese residents under high inflation in recent years has two characteristics as follows:

1. Taken as a whole, the residents' tolerance toward price rises has been notably enhanced. Since reform and opening up, their personal income has increased by a relatively wide margin. In 1988, the amount of urban and rural residents' savings deposits throughout the country was only 380 billion yuan, but exceeded 100 billion yuan [as published] in 1993. By the end of October 1994, it was as large as 1.7 to 1.8 trillion yuan. The increase of residents' income is the objective material foundation for the enhancement of their tolerance. The margin of price rises has been comparatively wide in recent years. Data provided by the State Statistical Bureau indicates that, judging from the conditions in cities and rural areas in eastern, central, and western China, the difference between the margin of increase in per capita net income (or per capita income used for living expenses) and the rises of residents' consumer goods price index shows positive numbers between 1986 and 1994. This was except for the first halves of 1988 and 1989 when the peak reached over 10 percentage points. On average, the per capita income of China's residents surpassed the margin of price rises during the same period. In addition, after a dozen years of price reform, control has been lifted over the great majority of commodity prices in China. Residents are now familiar with the economic environment of price volatility so their psychological tolerance has been markedly strengthened. Therefore, although the inflation rate for the first time in history exceeded 20 percent in 1994, it did not evoke a panic mentality in residents' consumption as did in 1988 when residents were thrown into a whirl of panic

purchasing or a run on the banks. On the contrary, retail sales markets were stable and tended to be sluggish, while the residents' savings deposits picked up substantially. This was a clear indication that the vast number of the Chinese residents had augmented their tolerance toward the excessively rapid price rises over the past period of time, which is conducive to checking the current serious inflation.

2. We should have a sober understanding of the tolerance of China's residents at present and should not overestimate it. In this regard, we should specifically understand the issue in the following four facets:

1) Although the residents' overall income level has been elevated to some extent, the material foundation for their tolerance to price rises is not very sound. Today, China has just basically resolved the problem of having enough food and clothing for the majority of its people. Judging from the world as a whole, China is still a low income country and residents lay particular stress on food in their consumption structure. Their Engel coefficient is as high as 59.6 percent, of which, that in cities is 53 percent and that in rural areas is 62 percent. The per capita housing area is merely equivalent to that of the medium and low income countries in the world. Even judged by the domestic standards, there are still approximately 80 million people in China who are absolutely badly off and need assistance from the state.

2) In examining residents' income level, we should not only have the overall and average levels in mind, but should also particularly emphasize the income structure. In recent years, the gap of income among the residents has widened, and the great disparity between the rich and the poor is increasingly serious. According to a sample survey conducted by the State Statistical Bureau on the per capita income of urban households, they can be classified into five categories: Poor, having enough to eat and wear, living a fairly comfortable life, well off, and rich. Among them, the per capita income of the highest income households was 4.2 times that of the lowest income households (a statistical figure in 1994). Under the same situation of price rises, the difference in tolerance among the households with varying income levels (or income used for living expenses) was very great. The abovesaid survey shows that: (1) according to a sample survey on 500 households in the urban districts of Shanghai, their actual income level between January and October 1993 dropped by approximately 10 percent over the corresponding period of the previous year; (2) a comprehensive survey conducted by the Jiangsu provincial statistical department on 2,020 urban families (6,506 people) with different income levels between January and October 1993 revealed that families that were very hard up and unable to make both ends

meet accounted for about 11 percent of the total number of families in the survey; (3) a survey from the Anhui provincial investigation team on the urban social economy demonstrated that between January and September 1994, an approximate 20 percent of urban residents across the province found that their actual income used for living expenses had come down compared with that in the corresponding period of the previous year; and (4) taken from the nation as a whole, there were approximately 19 percent of urban residents whose actual income level fell due to price rises in 1993. It was certain that the actual conditions in 1994 were even worse. High inflation has a relatively more striking impact on the lives of medium and low income families. Moreover, high inflation also aggravates the unfair distribution and the uneven income structure, which makes the income of the high-salaried stratum even higher and that of the low-income earners even lower. If things go on like this, it will be extremely detrimental to steady economic development and social stability.

3) At present, although residents have somewhat higher income than before, their expenditures also increased substantially. Given the low income in the past, it seemed to them that they could maintain their basic living standards even easier than they can now. Today, residents have more fears of disturbance in the rear. With reform deepening in town, various charges such as child care fees, tuition, medical fees, rents, and so on began to pile on ordinary people incrementally. As a result, although residents have more monies in hand now, they are not in a more lively mood than they were in the past. Their tolerance to price rises is still relatively limited.

4) Taken psychologically, the Chinese ordinary people's mentality of seeking stability and fearing changes still plays a dominant part from time to time. Affected by the malignant inflation in the 1930's and 1940's, the elderly people turn pale at the mere mention of price rises. The middle-aged people, who experienced life before reform and opening up, unconsciously think that immutable commodity prices seem an unquestionable truth and, once the prices fluctuate, they always feel uncomfortable. Tempered through the practice of price reform from 1985 until 1989, people in fact already accepted the inflation rate that exceeded a single digit and had patience to wait and see when the rate hit a double digit. However, residents' tolerance is limited after all. If the momentum of price skyrocketing is not put under control, perhaps it will be difficult to have the situation under control. What is more, there is still a question of psychological tolerance with the policymaking circles that cannot be overlooked. When

the price level rose to a certain extent, the pressure on the policymakers, which was exerted by various social strata and interest groups because of the overly rapid price rises, also rose to a certain extent. When this occurs, the atmosphere of relative calmness and composure in policymaking circles will disappear and they will probably make hasty decisions without careful consideration. Even if the policies are worked out in a right direction, they may produce considerable side effects because of inappropriate intensity and arrangements of action. Hence, it is, perhaps, of more crucial significance in enabling policymaking circles to maintain a necessary distance from the limit of this psychological tolerance.

In formulating policies with respect to economic development and price reform, pertinent departments under the State Council should pay particular attention to the factors in the following:

1. It is necessary to thoroughly discard the concept of boosting the economy through inflation. The harmfulness of inflation is not only an issue of whether or not it can be tolerated but, more importantly, an issue concerning the signal of efficiency. Market price signal is a low-cost, high-efficient signal. Under the condition that inflation exists, price signals will not work, and the market system will be unable to operate. It is thus obvious that even though people are tolerable to inflation, the policy to take advantage of inflation must not be practiced. To bring inflation under control, we cannot take whether or not the people are able to tolerate inflation as a major indicator, because tolerance here has, in fact, separated itself from the range of economic theoretical study and become a social and political subject. Moreover, once people are unable to tolerate higher inflation, an emergency braking will certainly follow, which will produce a negative impact on economic development. Of course, in curbing inflation, we should consider whether or not it can be tolerated by the residents and whether or not the side effects brought by curbing inflation can be tolerated as well.

2. The government can bring inflation under control by guiding residents' psychological anticipation and enhancing their tolerance toward inflation. The government should be consistent and open in implementing its policies and let the people understand its determination and the measures for curbing inflation. This way, even if high inflation has not been resolved, the common people can see that there is hope for it and thus reinforce their tolerance. For instance, before the introduction of the price reform program in 1988, we repeatedly intensified the propaganda of "breaking through the barrier of price reform" via disseminating media, which facilitated forming the anticipation of inflation for the year. Since

the second half of 1993, inflationary pressure has been rather great in China. But, while adopting appropriate macroeconomic regulation and control measures during this period, the government repeatedly expressed to society its determination of curbing inflation via disseminating media. This effectively checked the formation of residents' anticipation of inflation. From here we see that guiding residents' psychological anticipation has a special effect on maintaining steady economic development and social stability.

3. We should enhance the government's ability to provide financial subsidies and accelerate the institution of a social security system. According to China's national conditions, there are several groups of people who are incapable of tolerating the price rises at present. They include: The impoverished strata and disaster-stricken peasants who do not have adequate food and clothing, and this group of people numbers as many as 80 million; enterprise staff and workers who do not receive wages on a regular basis because of the poor performance and serious losses of the enterprises they work in, and the number of them reached as many as nearly a million in some provinces; low-income laborers and unemployed workers; retired personnel who have no other sources of income, and it is estimated that this group of people exceeds 1 million; and some university and secondary school students. Regarding the abovesaid people, the state should take practical measures to give allowances so living standards will not decline, or at least they can maintain the basic standard of livelihood, thereby strengthening their tolerance toward price rises and preventing them from becoming obstacles to price reform. At present, the minimum standard of livelihood has been defined in quite a few cities. In the meantime, we should try our best to resolve the problems of these people through the social security system to lighten the state's financial burdens.

4. With regard to the concept of residents' tolerance, this author thinks that there are two meanings in it: First, it is a yardstick of lower limit, through which we can, by and large, know well the degree of tolerance that residents (particularly the medium and low income residents) have toward price rises. This allows us to provide financial subsidies and social security to those intolerable to the price rises, in order to maintain a stable and united social environment. Second, it is a barometer that will indicate whether or not the economy is overheated. We should select urban families with normal income, or those whom we generally call urban wage- and salary-earning strata, as objects of study. The suggestion is made on these grounds: 1) Judging from the income structure, high income earners have a stronger tolerance toward price rises. These

families account for approximately 10 percent of the total families under discussion. They are not sensitive to price rises, so they should not be chosen as objects of study. 2) Low income earners, who are in need of financial subsidies and social security, have a very weak tolerance toward price rises. They find it difficult to tolerate even when commodity prices do not rise. If they are chosen as objects of study, then many reform measures can hardly be put into practice. This portion of families accounts for approximately 10 to 20 percent. 3) Because current price rises spread at an extremely high speed, the price levels in cities and rural areas generally coincide. Moreover, because cities and towns bear the characteristic of having a relatively concentrated population, with convenient access to mass media, it is easier to conduct investigation in town. Therefore, it is more reasonable to choose cities and towns so that the entire trend can be reflected. After urban residents with normal income are chosen as objects of study, they should be subdivided into different age groups and occupations as samples, and tracking investigation into them should be conducted at regular intervals to keep abreast of their reaction to the price trend. When this group of residents apparently feels that commodity prices have risen, then the rises are too fast. If the limit is to be defined in quantity, then it is appropriate to limit the fall of these residents' actual income at no more than 20 percent.

Foreign Trade & Investment

PRC: Sino-U.S.-French Venture To Produce Nylon, Polymer

OW1405105596 Beijing XINHUA in English
0802 GMT 14 May 96

[FBIS Transcribed Text] Beijing, May 14 (XINHUA) — A Sino-U.S.-French joint venture to produce nylon 66 salt and polymer is to be set up in Liaoyang, in northeast China's Liaoning Province.

Costing a total of 140 million U.S. dollars in investment, the Sanlong Nylon Co. Ltd. will be jointly established by the Liaoyang Petrochemical Fiber Co. (LYPFC), the U.S.'s Du Pont (China) Holding Co. Ltd. and France's Rhone Poulenc Resin and Fiber Intermediates, S.A.S.

Construction work is scheduled to start early in 1997, and is expected to be completed during the second half of 1998. By that time, Sanlong is expected to help the LYPFC lift its annual salt output from the current 45,000 tons to nearly 100,000 tons.

The LYPFC is the only nylon 66 producer in China. Cooperation with Du Pont and Rhone Poulenc will help it meet China's fast-growing demand for nylon.

Rhone Poulenc, one of the top ten pharmaceutical and chemical companies worldwide, now has 12 joint ventures, one wholly-owned subsidiary and a holding company in China.

One of the world's largest chemical companies, Du Pont had five offices, three wholly-owned plants and eight joint ventures in China by the end of 1995.

PRC: Investigation Planned of Garbage 'Imported' From U.S.

*OW1305120996 Beijing XINHUA in English
1143 GMT 13 May 96*

[FBIS Transcribed Text] Beijing, May 13 (XINHUA) — China will conduct an overall investigation into the case of the garbage imported from the United States and deal harshly with those responsible.

Members of a joint investigation team, with people from nine government departments, will begin overall investigations Tuesday in Beijing and Qingdao cities.

The departments include the State Bureau of Environmental Protection, Ministry of Public Security, State Administration for Industry and Commerce and General Administration of Customs.

The team held its second meeting this morning, and the third meeting is to be held in Qingdao, Shandong Province, Tuesday afternoon. The team members will hear reports from officials at the Qingdao Port and related departments.

The incident is a serious violation of international conventions and Chinese laws regarding the transfer of dangerous waste, officials said.

The garbage, weighing 639 tons, was discovered in Beijing's suburban county of Pinggu on April 30. Packed in containers, the garbage passed through the Qingdao Customs last July and arrived at a local paper mill last September, sources said.

Dirty plastic bags, sewage, pieces of waste fabric, used disposable syringes, discarded pill bottles, worn rubber gloves, and unidentified white powder were found in the bundles.

PRC: Foreign Investors Sought for State Enterprises

*HK1405085696 Hong Kong CHING CHI TAO PAO
in Chinese 15 Apr 96 p 12*

[From "China Economic News" column: "Foreign Investment in State Enterprises Encouraged"]

[PTS Translated Text for FBIS] At the "Conference Forecasting China's Economic Policies and Trend of

Market Development for Major Trades in 1996" held a few days ago, an official from the Foreign Trade and Economy Section of the State Economic and Trade Commission said that China will encourage foreign businessmen to invest in the existing state enterprises, the large and medium size ones in particular.

The official said that one-third of China's 15,000 large and medium size backbone state enterprises badly need to undergo technical transformation. According to incomplete statistics, of the 260,000 foreign-invested enterprises set up with China's blessing, some 70 to 80 percent are joint ventures run by foreign investors and China's enterprises.

He said that there are unparalleled advantages in running joint ventures with the existing enterprises, the large and medium-size state enterprises in particular. These enterprises are the focus of the state's concern. The State Economic and Trade Commission is responsible for technical transformation of these enterprises. In addition, the large and medium-size state enterprises have large numbers of technicians and high-quality managerial personnel, making it easy for them to assimilate advanced technical and managerial experience. They also have a relatively stable market and great market potentials. He continued that China will continue to encourage foreign businessmen to invest in small and medium-sized enterprises. The question of redundant personnel of the small and medium-sized enterprises will be resolved along with the deepening of enterprise reform and other auxiliary social reforms.

PRC: Rules for Property Rights Determination Due
*OW1405040396 Beijing XINHUA in English
0311 GMT 14 May 96*

[FBIS Transcribed Text] Beijing, May 14 (XINHUA) — China will soon publish provisional rules for determining the property rights in job-oriented service enterprises, the State Administration of State Property announced here today.

An official of the state property watchdog said that the rules are intended to help ascertain the ownership of property rights in enterprises set up by state-owned mines, government departments and institutions, which had invested in the forms of capital, loans, land or investment in kind. Such enterprises were meant to provide jobs for redundant workers and the children of workers of state-owned enterprises.

Incomplete statistics show that China currently has more than 200,000 such enterprises, employing over nine million people. The enterprises have created more than 20 million job opportunities in the past dozen years.

The official said that the establishment of a socialist market economy and a modern corporate system have prompted the necessity to straighten out the relations of property rights ownership between state-owned enterprises and the collectively-run enterprises affiliated with them.

He cited a large number of cases as showing that unclear definition of property rights has resulted in many property rights disputes and seriously disturbed the normal operations of enterprises.

He also said that vagueness in the ownership of property rights has discouraged many enterprises from establishing a modern corporate system.

***PRC: Consequences of Surrendering Trademarks Examined**

96CE0213A Beijing JINGJI CANKAO in Chinese
4 Mar 96 p 4

[Article by Ao Guangdong (2407 0342 2639) and Fu Zujie (1650 43711 2638): "Economic Consequences of Surrendering Trademarks"]

[FBIS Translated Text] "Asia" Trademark Sought by Three, Won by One

The trademark review committee under the State Administration for Industry and Commerce held a lot-drawing ceremony on 15 November 1995 to decide the ownership of the "Asia" trademark. It turned out to be a lucky day for the Asia Real Estate Co. in Ningbo. On 1 January 1996 the Ningbo firm was awarded sole ownership of the trademark, bringing to an end the simultaneous existence of three companies named "Asia."

The Chinese Government began registering service trademarks on 1 July 1993. Asia Shopping Center, located in the heart of the nation's central plains in Zhengzhou, Hean Province, applied to the appropriate trademark registration authorities on 28 July to register its "Asia" trademark. In the next two years and more, the shopping center went about promoting its "Asia" name and creating an enterprise image aggressively, in the process boosting the value of the trademark as an intangible asset to tens of millions of yuan. However, at the same time as the Asia Shopping Center in Zhengzhou applied to register the "Asia" trademark, Asia Real Estate Co. in Ningbo, Zhejiang, and the Asia Film Studio Corp. in Changzhou, Jiangsu, also applied to the trademark offices of their respective industry and commerce administration bureaus to register their "Asia" trademark in July the same year. The exclusivity of a registered trademark determines that of these three parties, two were destined to be losers. Since they applied for trademark registration at the same time,

the State Administration for Industry and Commerce decided to settle the dispute by drawing lots. Hence the outcome mentioned above.

It has been learned that the Asia Real Estate Co.'s registered "Asia" trademark covers advertising, packaging, and leasing service, among other things. This suggests that neither the Asia Shopping Center in Zhengzhou nor the Asia Film Studio Corp. in Changzhou would be able to display the "Asia" trademark in their counters and advertisements without the permission of the Ningbo company.

"Mimosa" Working for Others

"Mimosa" is a brand of skin lotion made entirely of Chinese medicine. The first company to manufacture and market it was the Mimosa Science, Technology, and Industrial Co. of Chongqing, Sichuan. But just as "Mimosa" was enjoying a growing reputation as a trademark, an unexpected disaster struck out of the blue.

Chongqing University in Sichuan successfully developed "Mimosa" in 1993 and the Mimosa Science and Technology and Industrial Co. of Chongqing was born as a result. From its inception in August 1993, the company was involved in the development of the "Mimosa" lotion. In early 1994, it proposed to register "Mimosa" as its trademark only to be informed by the trademark bureau in the State Administration for Industry and Commerce that the "Mimosa" trademark had already been registered in the name of the Jiangnan Daily Chemical Plant in Changsha, Hunan. The company then entered into a trademark licensing agreement with the Jiangnan Chemical Plant and, assuming everything would be fine, began promoting the brand in a big way, spending as much as 3 million yuan on advertising in 1994 alone. In no time "Mimosa" became a well-known trademark in 18 large and mid-sized cities, including Tianjin and Shijiazhuang.

But then events took a sudden unexpected turn. In February 1995, Ruihe Science and Technology Co. Ltd. in Chengdu beat the Chongqing company by being the first to sign a trademark transfer agreement with Jiangnan Daily Chemical Plant, thus winning the exclusive right to use the "Mimosa" trademark. Subsequently the Chengdu company filed a complaint with the industry and commerce administration bureau of the appropriate city charging that the Chongqing company had violated its trademark right and demanding that the authorities investigate and handle the case in accordance with the law.

After joint mediation by the industry and commerce administration bureaus of Sichuan Province, Chengdu, and

Chongqing, the Chongqing Mimosa Science and Technology and Industrial Co. had no choice but to concede for the sake of survival that the Chengdu company has exclusive use of the Mimosa trademark. For its part, the Chengdu company also made appropriate concessions in the area of sales. Starting from 1996, however, the Chongqing company is required to come up with a redesigned trademark that must not include the word "Mimosa" in its packaging.

"Reader's Digest" Forced To Drop Its Name

This is no longer news, but the ordeal DUZHE WENZHAI monthly, the predecessor of DUZHE, went through two years ago continues to provide food for thought.

DUZHE WENZHAI started publication in Gansu in 1981. Not long afterward, however, it received a letter of protest from the Reader's Digest Association in the United States demanding that the Gansu publisher stop using the name DUZHE WENZHAI immediately as the association already had a publication called DUZHE WENZHAI in Chinese. At the time China was not yet a signatory to any international copyright convention, so obviously this demand could not be enforced.

In August 1982 China promulgated the PRC Trademark Law. Promptly seizing this opportunity, the Reader's Digest Association instantly applied to the State Administration for Industry and Commerce in China to register its Chinese trademark as DUZHE WENZHAI and was awarded the trademark registration certificate bearing that name on 30 December the same year. It was not until September 1987 that the publisher of DUZHE WENZHAI in Gansu moved to have its name DUZHE WENZHAI monthly registered as a trademark at the urging of the trademark bureau. Meanwhile, the shrewd Americans never for a moment forgot to pursue this matter.

On 24 August 1990 the Reader's Digest Association sent a letter to the trademark review committee under the State Administration for Industry and Commerce demanding that it cancel the Gansu publisher's trademark registration on the grounds that it had violated the association's copyright. The trademark review committee informed the Gansu publisher about the complaint and asked it to respond to it. The Gansu group believed it was in the right, but because of the laws and international practices, it had no choice but to decide in July 1993 to rename its publication DUZHE. Thus a famous trademark so painstakingly cultivated over a period of 12 years was surrendered on a silver platter.

Surrendering Trademarks of Chinese Exports Again and Again

In addition, it is not uncommon for foreigners to jump the queue when it comes to registering the trademarks of Chinese commodities sold overseas. For example, when its Chinese maker applied to register the "Peony" brand of television sets in a number of countries in northwestern Europe including the Netherlands, Luxembourg, Belgium, Norway, and Sweden, it learned that the trademark had long been registered in the name of its Netherlands sales agent, giving foreigners a monopoly on the sale of similar Chinese products in those countries. Such famous Chinese cigarette trademarks as "Ashima," "Red Plum," and "Yunyan" used to sell very well in Southeast Asia. Sometime ago, however, when the Chinese party applied to the trademark authorities in the Philippines to have them registered, its request was turned down because a certain Philippine company had beaten the Chinese to it. There are many other similar cases in which the Chinese had to surrender their trademarks overseas, over 200 in just the past few years, according to incomplete data.

Time To Shed Our Trademark Ignorance

There are objective conditions which work against us as trademark owners. For their part, however, Chinese enterprises neither understand the trademark law fully nor take it seriously enough. They fail to put their trademarks to proper use or to protect them effectively.

In this day and age, the leaders of many enterprises still consider trademarks an expendable luxury and overlook the enormous power of a trademark strategy. This attitude renders them vulnerable on the ferociously competitive market. They might be the first to use a trademark, but they lose out to others when it comes to registration. Even after trademark registration has become a lost cause, some enterprises still fail to design a new trademark but instead harbor hopes of hitching a ride on somebody else's trademark bandwagon, which only gets them into trouble. Other enterprises have become so dependent on protection by the local government that they have no idea how to use the law to secure and protect the legitimate rights that are due them. Yet others still apply the formulas of the planned economy to engage in international competition instead of exploring ways to make the trademark work for them, which puts them at a disadvantage time and again.

Trademarks are the embodiment of an enterprise's wealth and overall image. It is imperative that enterprises cherish them the way a person cherishes an eyeball. Furthermore, it must continuously acquire and master new legal knowledge, both international and domes-

tic, to enhance its ability to seek protection under the law.

***PRC: Article on Saving Famous Chinese Trademarks**

96CE0213B Beijing GUOJI SHANGBAO in Chinese
24 Mar 96 p 4

[Article by Li Wentao (2621 2429 3447): "Saving China's Famous Trademarks"]

[FBIS Translated Text] *Editor's note: Last year we published an article titled "Where are China's Famous Trademarks"? in a prominent spot on the front page. Today we solemnly unveil another piece, "Saving China's Famous Trademarks." The extensive loss of well-known Chinese trademarks in recent years has affected the domestic industry severely. A number of enterprises have chosen to give their products some neither-fish-nor-fowl foreign names. Some enterprises simply palm off their products as some foreign brands despite the fact that their products are actually quite decent stuff. Scrambling to put together Sino-foreign joint ventures, some units let the unique characteristics and national features of their products fall by the wayside. These and a host of other problems should set us thinking long and hard. A developing China longs to see the emergence of its own famous trademarks and to see its domestic industry flourish.*

After 17 years of reform and opening, the Chinese economy has entered a new stage of structural adjustment. As the socialist market economy takes shape steadily and the Chinese economy becomes more and more aligned with the global economy, trademarks, particularly famous trademarks, have attracted growing attention. For a variety of reasons, however, the current situation regarding Chinese trademarks is most alarming. Some foreign companies would stop at nothing to do their Chinese competitors in, corner the Chinese market, and gobble up this country's famous brands, causing China's domestic industry heavy losses. These days famous Chinese brands are being lost or disappearing mainly in the following ways:

Foreigners Moving Faster To Register Trademarks

A number of law-breaking foreign companies exploit the opportunity afforded them by Chinese enterprises' weak trademark consciousness. They are always one step ahead of the Chinese when it comes to trademark registration at home or abroad. There was a company in Dongguan Shi in Guangdong which specialized in making bearings for textile machinery. Its high-quality and reasonably-priced products were exported to over a dozen countries. Its bearings had always borne the "TR"

trademark ever since the plant went into production. In April 1988 the "TR" trademark was registered in China, giving the Dongguan maker the right to use it exclusively. During the same year the plant was also granted permission by the Ministry of Foreign Economic Relations and Trade to import and export on its own. However, there was one important thing the enterprise failed to do: it never registered its trademark overseas, reputable as it was. As it turned out, a French agent quietly went about registering the "TR" trademark in France in July 1988 and had the same "TR" trademark registered internationally in Madrid in December. As a result of the latter move, the agent had the trademark registered in seven countries, including Belgium, Spain, and Italy, all markets where bearings with the "TR" trademark had been selling briskly, and was given the sole right to use the trademark for a period of 20 years. When the Dongguan company sent its next shipment of bearings to Italy, it was taken to court in that country by the French agent on charges of violating its trademark. The French agent asked the court to order Dongguan to stop selling the "TR" bearings in Italy immediately. The people at Dongguan were stunned by the news, but by then it was too late to do anything. Tianjin Autoworks set up a joint venture with a Japanese company to make "Daifa" minivans. The joint venture proved quite profitable. Quick to realize the trademark's value and without consulting their Chinese partner, the Japanese moved swiftly to have the "Daifa" trademark registered and set harsh terms for its use by the Chinese. The Chinese found the terms unacceptable and had no alternative but to switch to another trademark. According to incomplete data, China has conceded 150 well-known trademarks to Australian companies, 27 to the Japanese, and 48 to the Indonesians, all because it lost the registration race in every instance.

Chinese Trademarks Battered by Foreign Name Brands, Renamed by Joint Ventures

There used to be eight leading carbonated beverage manufacturers in China, proud owners of famous trademarks such as "Beibingyang," "Tianfu Kele," "Shanhaiguan," and "Laoshan." Today, apart from the "Jianlibao" company in Guangdong, everyone else has become a joint venture turning out products that bear trademarks like Coca-Cola and Pepsi-Cola. The only name-brand carbonated beverage to survive with its trademark intact is "Jianlibao." The Coca-Cola Co., which first entered the Chinese market in 1979, boasted 16 bottling plants in this country in 1995 and has plans to build seven more by the end of 1997. The Coca-Cola Co. alone accounts for 23 percent of China's beverage market. In fact it owns four of the top five brands on the

beverage market in the world: Coca-Cola, Diet Coke, Fanta, and Sprite. Back in the early 1980's, Guangzhou Soap Co. was one of a handful of shampoo makers in the nation and its "Jiehua" brand of scented bubble shampoo was all the rage throughout China. In 1988 Guangzhou Soap Co. started a joint venture — Guangzhou Baojie Cleaner Co. — with a foreign investor, the Chinese contribution being its "Jiehua" trademark, which was appraised at 500 million yuan. But despite its 500 million yuan price tag, "Jiehua" was shunted aside by Baojie as the joint venture went all out to promote such brands as "Suave" and "Prel" supplied by Procter and Gamble, the American manufacturer. Thanks to advertising, formerly unknown American trademarks have become name brands on the Chinese market while "Jiehua," a celebrated Chinese trademark, has been forgotten.

Chinese Trademarks Under-Appraised, Used by Joint Ventures for Free

In 1991 Lingnan Biscuit Co. in Guangdong, which had a history going back 80 years, entered into a joint venture with a foreign company and renamed itself Jessca Food Co. Ltd. The foreigner invested 300 million yuan. The old brand of biscuit known as "Lingnan" also became "Jessca." Instead of making "Lingnan" biscuits, it now turns out "Jessca" biscuits. "Lingnan" was a well-known trademark but it was never appraised for investment in the joint venture or transferred to the foreign partner in return for a fee. Instead it was simply lent to the joint venture without compensation. In the process a foreign brand — "Jessca" — that the consumers had never heard of before effortlessly breezed into the Chinese market borne aloft by the production capacity of a Chinese enterprise, the sound reputation of the "Lingnan" trademark, and the enterprise's sales channels. How much was the "Lingnan" trademark really worth? After just a few short months, Jessca had a new foreign owner. Without so much as telling its Chinese partner, the new owner sold its shares in Jessca to yet another foreign company for \$103 million (Hong Kong dollars), down from the asking price of \$150 million. How much of that was attributable to the "Lingnan" trademark?

Nowadays trademarks are typically handled in one of the following ways when a state enterprise enters into a Sino-foreign joint venture: 1) Rarely the joint venture continues to use the Chinese trademark; 2) the Chinese side gives up its ownership of the trademark and sells it to the joint venture at the appraised price; 3) both sides each make available a trademark for use by the joint venture; and 4) the joint venture uses the foreign company's trademark. When the Chinese partner's trademark is appraised and then sold to the

joint venture, it at least recoups some of the value of an intangible asset, regardless of what the price is. However, what has happened is that the trademarks of many state enterprises were neither priced nor used. After the joint venture is set up, the new company usually uses the foreigner's trademark, and the Chinese partner's original trademark becomes a trademark in name only since no products now bear its name. The value of a name brand must be maintained through ongoing advertising. After disappearing from the market for a period of time, even a name brand gradually becomes less valuable. All that remains in the end is the trademark registration certificate. Well-known trademarks are one of the state enterprises' intangible assets and this is typically how they are lost when the enterprises enter into Sino-foreign joint ventures.

Another increasingly serious phenomenon: the rising number of cases involving Chinese infringement of foreign trademarks. Take Guangdong, for instance. In the decade between 1982, when China promulgated its Trademark Law, and 1992, Guangdong investigated a total of 16,582 foreign trademark infringement cases, or a little over 100 cases each year. The caseload hit 206 in 1993 and 426 in 1994. In 1995 Beijing investigated the high-profile Maxwell magnetic disc counterfeiting case; Shanghai, the "Lacoste" counterfeiting case; and Tianjin, the Meilanrimei low-voltage electrical appliance counterfeiting case. On the one hand, China is surrendering its famous trademarks knowingly and otherwise. On the other hand, some Chinese have been counterfeiting foreign trademarks in a big way in hopes of boosting the sales of their products only to invite complaints from foreign companies. Of the countless enterprises engaged in the "three kinds and processing and compensation trade," many, constrained by their management standards and other economic conditions, are so busy taking orders and accepting processing fees that they have no time to worry about whether the trademark on the goods they are processing is legal or otherwise. The result is that they have to part with what little processing fees they have earned in order to pay the fines incurred for violating a foreign trademark. In fact, they lose more than they gain.

Many reasons account for the loss of famous Chinese trademarks. First of all, state-owned trademarks are managed under a variety of overlapping systems, we don't have a coherent set of laws and regulations, and trademark appraisal organizations are not standardized. Trademark registration is the responsibility of the State Administration for Industry and Commerce and joint ventures come under the purview of the Ministry of Foreign Trade and Economic Cooperation, yet the agency which is really in charge — the State Admin-

istration for State Properties — does not have a firm grasp on the loss of state-owned famous brands and so has difficulty getting involved. Second, regulations governing the appraisal of state properties are contained in the "State Properties Appraisal Regulatory Provisions" issued by the State Council in 1991 and their implementation rules issued subsequently by the State Administration for State Properties. Yet both sets of regulations are silent on the appraisal of a particular form of state intangible assets, trademarks. Third, to boost sales and to cater to some people's worship-things-foreign mentality, many industries have taken the licensed production route, which has increased the presence of foreign trademarks in China and dealt a blow to domestic brands. Of the 25 brands of shirts picked in 1995, 11 had foreign names or transliterations of foreign names. It is now very common for a made-in-China item to bear a foreign name.

A well-known trademark is vital to the economic development of an enterprise and even a nation. During his inspection tour of the south, Comrade Deng Xiaoping taught us earnestly that "without a domestic industry, without our own flagship products, our nation would have no future." When a country does not have a few famous world-class trademarks, it has no economic muscle worth talking about. Well-known trademarks are tied up with the dignity of a nation and are a symbol of the caliber of its people and its strength. The business world is like a battlefield. The market knows no borders and competition is merciless. At stake in this economic war is life and death, far more important and brutal than we have ever imagined. Therefore the top priorities in the Chinese economy today are to develop famous trademarks, protect domestic industry, and nurture state-owned name brands.

PRC: Bidding To Start on Major 3 Gorges Projects

HK1405090996 Hong Kong CHING CHI TAO PAO in Chinese 8 Apr 96 No 2464, p 27

[From "China Economic News" column: "Bidding for Three Gorges Major Projects Introduced"]

[PTS Translated Text for FBIS] This year marks the fourth one since the preparatory stage of construction of the Three Gorges project started. It is also a crucial year for ensuring that the river will be intercepted in 1996. The work for digging earth and stone, and pouring cement will be massive; purchase of shipping, construction, and dam equipment will start soon; and the amount involved in bidding will be alluring. Generally speaking, the projects for bidding will involve millions of yuan. The bid for the second stage project of the permanent lock, which is to be introduced in early March, will involve an investment of 2.5 billion yuan.

According to the China Chang Jiang Three Gorges Development Corporation, the projects opened to domestic bidding include the second stage of the coffer dam (which includes the coffer dam at the upper and lower reaches of the river and seepage prevention, the Three Gorges water control safety and monitoring project, the third phase project of the power station and dam on the left bank of the Three Gorges (which includes the dam, factory buildings, digging of flood-relief sluice, and pouring of concrete), metal framework of the permanent lock and electromechanic equipment, and construction and assembly of the 115-meter high concrete system. In addition, the bidding for the basic facilities and services coordinating the main project will also start within the year.

The Three Gorges will also introduce international bidding for some of the large-scale projects. The first introduced is the purchase of the main equipment including the concrete facilities, factory buildings, and dam of the second stage project of the Three Gorges. The bidding mainly included purchase of concrete cranes and water transport equipment. Manufacturers from the ROK, Japan, Russia, Germany, the United States, and other countries participated in the bidding. The bids are now being assessed and the results will be announced very soon.

In the international bidding for the Three Gorges Project, the most attractive one should be the bidding for the large hydraulic turbine. The Three Gorges Power Plant will use 26 hydraulic turbines each with an installed capacity of 700,000 kw. This will be the largest generating unit in the world. Reportedly, the first international bidding for the purchase of hydraulic turbines will be introduced in the second quarter of this year and it is said that a total of 14 generating units will be purchased.

The first sets of units of the Three Gorges Project, whose construction is to last 17 years, are expected to generate power by the year 2003.

PRC: Shandong Streamlines Port of Entry Procedures

OW1405040096 Beijing XINHUA in English 0320 GMT 14 May 96

[FBIS Transcribed Text] Jinan, May 14 (XINHUA) — Coastal Shandong Province is opening wider to the outside world by streamlining the work of its ports of entry.

Shandong has a very important position in the country's foreign trade, boasting 23 ports of entry linking it with over 130 countries and regions worldwide by air, sea and land.

As part of the reform scheme, the province has decided to abolish on-board checks of ships entering and exiting the Weihai and Lanshan sea ports. Instead, all the procedures will be handled by shipping agents, so that the ships can start loading and unloading once they are at the ports.

Qingdao Port, one of China's major sea ports, has introduced preferential terms with regards to customs declaration and checks for importers and exporters which are credited with the title "trustworthy enterprise".

To facilitate the transit of travellers, Weihai Port has introduced measures aimed at reducing the time for baggage checks, successfully doubling the flow to 400 persons per hour.

The Jinan Airport in the provincial capital and the Qingdao Airport have expanded check-out areas and set up special channels to speed up the transit of government and trade delegations and tourist groups.

Last year the province handled over 40 million tons of foreign trade cargo, a rise of 30 percent over the previous year; plus about 700,000 containers, an increase of over 40 percent. In addition, there were over 340,000 entries and exits of passengers, a rise of over 50 percent.

PRC: Article Advocates 'One-China' Principle

**OW1105143496 Beijing XINHUA Hong Kong Service
in Chinese 0454 GMT 11 May 96**

[Commentator's article: "In Upholding the One-China Principle, an Important Point is To Take Practical Action"]

[FBIS Translated Text] Beijing, 11 May (XINHUA) — Since June last year, the Chinese people have conducted a large-scale struggle against separation and "Taiwan independence," and this struggle has yielded phased results of major significance. This struggle fully demonstrates the entire Chinese people's determination and ability to oppose separation; to oppose "Taiwan independence"; to safeguard and defend the one-China principle, state sovereignty, and territorial integrity.

Now "Taiwan independence" and separatist forces have suffered a severe blow. More and more, the Taiwan people have become soberly aware that "Taiwan independence," carrying out separation, and undermining the one-China principle have led to cross-strait tension, have directly endangered Taiwan's economic development, and will finally harm the interests of Taiwan's people. The people on both sides of the strait urge the Taiwan authorities to genuinely adopt a one-China stand.

Over the last few days, incited by the Taiwan authorities, some people in Taiwan have openly claimed that "on one side of the Taiwan strait, there is the People's Republic of China, and on the other side, the Republic of China"; "China is an abstract concept and is something in the future"; "at present there is no country in the world called China." These people also defend the Taiwan authorities' separatist activities of creating "two Chinas" or "one China, one Taiwan" in the international arena, asserting that the Taiwan authorities "have never deviated from the 'one-China' principle" and once again advocating that Taiwan has the right to "participate in the United Nations." Superficially, it seems that the Taiwan authorities have once again mentioned one China because of internal and external pressure; but a careful thought suggests that this is not actually so. This argument does not contain anything new but only repeats in a different way what the Taiwan authorities have mentioned in the past.

As everyone is aware, China is a country with an ancient civilization, 5,000 years old, covering a territory of 9.6 million square km including Taiwan. In this territory, there live some 1.2 billion Chinese citizens including 21 million Taiwan compatriots. The majority of countries in the world and the United Nations recognize that there is only one China and that Taiwan is a part of China. China is a great and proud country commonly

recognized throughout the world and is an objective reality; it is absolutely not an "abstract concept." Some people in Taiwan are not ignorant in disregarding this basic knowledge and fact, but they are doing this with ulterior motives.

During their consultations on routine affairs in 1992, the Association for Relations Across the Taiwan Straits and the Straits Exchange Foundation, both being civilian organizations authorized by both sides, reached a verbal consensus on "both sides of the strait upholding the one-China principle." A document formally published by the Taiwan authorities in 1992 also explicitly clarified that "both sides of the strait should uphold the one-China principle." But in several years subsequent to this, the Taiwan authorities have gone back on their word, claiming that the "Republic of China in Taiwan is a sovereign, independent state," wantonly pursuing what they call "pragmatic foreign policy," sparing no effort in challenging the basic norm of international law, stepping up their efforts to develop official relations with some countries, seeking "dual recognition," attempting to join international organizations only sovereign countries are entitled to, trying to separate Taiwan, which is a part of China, from China, and openly creating "two Chinas" or "one China, one Taiwan" in the international arena. In addition, during cross-strait consultations on routine affairs, they have tried to create "separation and separate rule" through the relevant consultations, to give expression to what they call "independent, sovereign state's position." In recent years, the Taiwan authorities have made some insincere statements on the principled question of one China, apart from doing too many things irresponsibly. The Chinese on both sides of the strait are very clear about these facts. How can these people say that the Taiwan authorities "have never deviated from the 'one-China' principle?"

There is only one China in the world and Taiwan is a part of China; China's sovereignty and territorial integrity brook no separation, and only the People's Republic of China can represent China in exercising its sovereignty in the world; ending cross-strait separation and bringing about complete reunification of the motherland are China's internal affairs. Some people in Taiwan claim that "China is something in the future" and that "now on one side of the strait, there is the People's Republic of China, and on the other side, the Republic of China." They advocate that Taiwan has the right to join the United Nations, an international organization only sovereign countries are entitled to. The crucial point is advocating separation of China's sovereignty and territorial integrity in the present stage, in an attempt to seek a theoretical ground for the Taiwan authorities to turn Taiwan, Penghu, Kinmen, and Matsu into an "inde-

pendent, sovereign state." Their purpose is not seeking China's reunification but, contrary to this, creating permanent separation of China and creating "two Chinas" or "one China, one Taiwan." This argument of "two Chinas by stages" does not bear any fundamental difference from "Taiwan independence" but only presents itself under the cloak of the so-called "pursuit for reunification."

On 30 January last year President Jiang Zemin raised an eight-point proposal on promoting the motherland's peaceful reunification process. The first point explicitly points out that upholding the one-China principle is the basis and precondition for bringing about peaceful reunification. The advocacy on "separation and separate rule" and "two Chinas by stages" runs counter to the one-China principle, and we are resolutely opposed to it. Only when the Taiwan authorities uphold the one-China principle in both words and deeds, will cross-strait relations remain stable and develop. But the problem now is that the Taiwan authorities are not even willing to uphold the one-China principle in words. How much can they do in deeds? This is something to be doubted.

Upholding the one-China principle and resolutely opposing any statement or action aimed at creating "two Chinas" or "one China, one Taiwan" have always been a clear-cut stand of the Chinese Government. A leader of the Taiwan authorities complained that no one believed in his statement on "opposing Taiwan independence" although he had made that statement more than 130 times. Evidently, complaining has not helped resolve anything. The crux of the matter is making one's words comply with one's deeds. Since the Taiwan authorities have promised that "both sides of the strait should uphold the one-China principle" and have indicated the need "to improve cross-strait relations," it is time now that they took practical action.

PRC: Commentary Calls For Taiwan Move To Break Deadlock

OW1305105896 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 8 May 96

[Station Commentary; From the "News Square" program]

[FBIS Translated Text] Listeners and friends, how the cross-strait deadlock will be broken has been an issue of wide concern. Station commentator (Yu Xin) wrote a news commentary on this topic entitled "The Ball for Easing Cross-Strait Relations Rests in Taiwan's Court," which follows:

The Taiwan side has indicated recently that it would like to see an easing of cross-strait tension, hoping that the Association for Relations Across the Taiwan

Strait [ARATS] and the Straits Exchange Foundation [SEF] will resume talks and dialogue as soon as possible. It also took some positive measures, including relaxing restrictions on mainland personnel and goods entering Taiwan, and allowing mainland containers to be loaded and unloaded directly in Taiwan. Marking the third anniversary of the first Wang-Gu talks on 29 April, Taiwan's SEF also wrote to mainland's ARATS, calling for the resumption of consultations between the two organizations. Some Taiwan media, in support of such a move, carried reports claiming high-level Taiwan authorities have repeatedly showed goodwill in resuming beneficial, mutual moves over cross-strait relations and have been sincere in trying to reopen consultations, saying that the ball is now with the mainland and that Taiwan is expecting a good throw from the mainland side.

The mainland will certainly welcome Taiwan's recent indication for easing cross-strait relations. For the time being, the crucial issue is some people in Taiwan still engage in activities designed to split the motherland, highlighting resumption of its UN seat. Currently, the ball for easing cross-strait relations is not with the mainland, but with Taiwan. So long as the Taiwan side can take practical actions to halt splitist activities, cross-strait relations will be eased swiftly. If Taiwan poses a gesture for the mere purpose of seeking resumption of consultations while trying to shun the principle and stand on "one China" by deliberately creating confusion among the public, it will be very difficult to resume cross-strait consultations.

Speaking on behalf of the Taiwan authorities, Mr. Gu Zhenfu said that "China" is an abstract concept containing only cultural and historic sense; he further uttered such things as currently there is no country in the world with the state name of "China," and that "China" is the name of a future nation. Such a statement is a denial of "one China" and a practical creation of "two Chinas," with one People's Republic of China in mainland and the other Republic of China on Taiwan. In actual fact, the Taiwan side has yet to return to the principle and stand of "one China," it merely tries to create an alleviating atmosphere by saying that the easing ball rests with the mainland side and thus requests a good throw back from the mainland. Will all these sound too unrealistic?

Leaders of ARATS and SEF held their first Wang-Gu talks three years ago with the signing of joint agreements, under which important achievements have been achieved in establishing a talks and liaison system between the two organizations, and in regulating cross-strait economic, cultural and educational, and scientific and technological exchanges. The reliance of leaders of

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the Taiwan authorities on foreign forces since last June to promote activities designed to split the motherland has seriously damaged both the foundation and the conditions for further ARATS-SEF talks. ARATS has been consistent in promoting meetings between leaders of the two organizations, with repeated calls for a second round of Wang-Gu talks as early as possible. However, the Taiwan side kept on delaying such calls, using such excuses as "not the right time" and "lack of conditions." It was not until last May that the Taiwan side reluctantly agreed to hold second round of Wang-Gu talks. To organize the meeting, ARATS Executive Vice Chairman Tang Shubei went all the way to Taiwan to hold the first preparatory meeting with his SEF counterparts, reaching written agreements on venue, agenda, and subjects of the talks. However, several days later, the leader of the Taiwan authorities, taking advantage of the alleviated strait situation, went to Cornell University in the United States to deliver a political speech on "The Republic of China on Taiwan," openly creating "two Chinas" and "one China, one Taiwan" activities. Breaching their commitment on the "one China" principle jointly held by both sides of the strait, the Taiwan authorities have

seriously damaged the normal development of cross-strait relations, forcing a complete halt of the second round of Wang-Gu talks and ARATS-SEF consultations at various levels. The Taiwan authorities should take full responsibility for the situation.

The question of which side the ball for easing cross-strait relations actually rests with is not a profound theoretical issue requiring research and judgment. As admitted by the Taiwan media, even the majority of American people also hold that the ball for alleviating the tension across the strait is currently with the Taiwan side. It is also the view of the media on the island that the Taiwan authorities should adopt measures more conducive to improving cross-strait relations, suggesting that Li Tenghui should, in his 20 May swearing-in ceremony, declare his anti-Taiwan independence stand, liberalize three direct links across the strait, and take practical action to truly return to the principle of "one China" — a good throw in easing and developing cross-strait relations and in promoting peaceful reunification of the motherland.

Taiwan: 'Text' of Li Teng-hui's NEWSWEEK Interview

OW1305150596 (Internet) Taiwanese Central News Agency WWW in English 1352 GMT 13 May 96

[FBIS Transcribed Text] Taipei, May 13 (CNA) — As Taipei spruced up for next week's historic inauguration, President Li Teng-hui recently granted an exclusive interview to a NEWSWEEK team led by Editor Maynard Parker. Speaking in English and occasionally in Mandarin, Li outlined a tough strategy toward Mainland China, though he seemed surprisingly willing to cooperate with his Beijing counterpart, President Jiang Zemin. He also spoke of a personal philosophy that rejects Asian authoritarianism.

The following is the full text appearing in Newsweek's May 20 Asian edition that hits newsstands Monday [13 May]:

Q: Chinese leaders will pay close attention to your inaugural speech on May 20. Will they hear a new initiative?

A: I can't say too much before May 20. One thing I can say: I declare that freedom and democracy are the most important things for the Republic of China [ROC] on Taiwan — and how to defend that freedom and democracy.

Q: If China's President Jiang Zemin were sitting here, what would you say to him?

A: Take it easy. Don't be in a hurry. The Chinese question should be discussed slowly. Don't use weapons. Freedom and democracy are very important. Chinese people want them.

Q: How do you evaluate Jiang Zemin as your mainland counterpart? On the one hand, he offers a peace plan for Taiwan, on the other he fires missiles near Taiwan?

A: Jiang Zemin's eight-point plan was a breakthrough. He tried to be different (from ailing leader Deng Xiaoping). But these eight points were neglected by Beijing (after) Taiwan policy became a very hot point in their power struggle. Recently they have been talking about these eight points again, but (this policy) must have strong support in the military. Jiang is chairman of the military commission, but he has no control of military people. He has to compromise. It seems to me that it will be very difficult for Jiang to pursue these eight points.

Q: Do you think you could do business with Jiang Zemin?

A: It seems to me Jiang Zemin is quite reasonable compared with the others. I don't know his (political)

position. We are waiting for the outcome of the 15th Chinese Communist Party Congress in September.

Q: Can you do anything to make Jiang Zemin's job easier?

A: We have to see the outcome of the struggle after Deng Xiaoping dies. If Jiang Zemin survives, it may be a very good time for talking. Before that, it will be difficult.

Q: The mainland military exercises off Taiwan — an attempt to hurt your presidential-election campaign-failed. Do you think Beijing leaders recognize their defeat?

A: Chinese leaders worry about face. May be inside they feel (defeat), but they don't speak out.

Q: Will the mainland leaders treat Taiwan with more respect in the future?

A: They still think Beijing is very strong. It's a big country, and Taiwan is small. So they don't (admit it) even if they are defeated, as they were in Vietnam. They lost so many soldiers, but not one person could say, "We were defeated." If they said that, then they would be destroyed in a power struggle.

Q: Did the United States do the right thing by putting aircraft carriers off your coast during the crises?

A: Thank you very much for defending Taiwan at a very crucial time.

Q: With your country buying U.S. F-16 and French Mirage warplanes and China buying Russian Su-27s, are you worried about an arms race in East Asia?

A: We haven't made this an arms race. We have 85-year-old warships. We need a more modern navy. (As for the Air Force), we cannot fly our F-104s and F-5Es because we've lost so many pilots (in crashes). Without replacement planes we can't defend ourselves.

Q: Don't you need an even stronger dialogue with Beijing about this buildup?

A: At the present time, No. Our airplanes are all too old. We must replace them and defend ourselves.

Q: Isn't China building up its own forces mainly to threaten Taiwan?

A: Not only Taiwan. China is expanding militarily so quickly because at present their airplanes can fly over the islands they occupy for less than 10 minutes. They need long-range airplanes, and they want to build an aircraft carrier.

Q: What are your travel plans: Would you like to go to the Olympics in Atlanta?

A: America won't let me go. I don't like to seek trouble from the State Department. Even if I was invited by Congress, I would say, please, not this time. Maybe later.

Q: After Hong Kong returns to China in 1997, do you worry that Beijing will set a deadline for Taiwan's reunification?

A: They use many, many ways (to intimidate us). We are watching very carefully what measures they will adopt. We must defend ourselves...Hong Kong is chaotic. We are afraid they are going to lose their freedom. You must pay attention. It is already beginning.

Q: Do you see Taiwan as a beacon for Chinese democracy?

A: I think so. For a long, long time, the Chinese people suffered from power struggles. That's why I took the initiative to hold elections for a national leader. It's very important. The Chinese people haven't had (democracy) for 2,000 years. That has been horrible, horrible for the Chinese people.

Q: Is China frightened by what you're doing?

A: I think so — especially the coastal areas. they can watch foreign TV. Now they are aware there has been an election in Taiwan to choose a leader. That's very interesting to them. The democracy and freedom shown in this election were a good example. It shows that a democratic system is suitable for China.

Q: Singapore's Senior Minister Lee Kuan Yew would disagree. He says Western-style democracy is not appropriate for East Asia?

A: He doesn't know classical Chinese thinking; 2,500 years ago, during the Warring States period, Chinese people were very humanistic. I spent two years studying the Book of Changes (a classic guide to rituals). Chinese thinking is very humanistic, not just feudalistic, as it was in the imperial era.

Q: What do you think about Lee Kuan Yew's model?

A: I don't want to criticize, but I don't think there are distinctly Asian values. There are human values.

Q: What if China becomes stronger while staying authoritarian?

A: Paternalism is very powerful; you must listen to your father, to the emperor. This is the biggest problem in China. This is not Confucianism. Confucianism has been distorted by politicians. Now Singapore has adopted this (distortion).

Q: Mainland leaders have been trying to churn up nationalist feelings as a way to preserve political unity. Does that increase the threat to Taiwan?

A: What is the meaning of nationalism? It should be directed against foreign countries. No country should use nationalism to control (domestic affairs). That's horrible, that's fascism. Actually, in China there has been very little nationalism (historically). If China used nationalism to expand its military power and influence other countries, its neighbors would not be very happy.

Q: You were one of the first native Taiwan brought into the Kuomintang. Did you feel guilty working for an authoritarian regime?

A: No guilt. I made everybody happier. Now I'm talking about a new kind of Taiwanese person. (The mainlanders) came here 49 years ago. We Taiwanese came 400 years ago. We all came here to seek freedom, just like people came to the United States from Europe to seek freedom. I said something I was criticized for. I said the Kuomintang was an occupying regime. But that's reality. That's history. Now we must be everybody's Kuomintang, not a special party for the ruling class. We must be a grass-roots party. We must build a new culture here — different from the old Chinese culture, with more Western thinking.

Q: What do you mean by a new Chinese culture?

A: Chinese culture has very strong paternalism. Humanistic things are neglected. It's not national. There is too much concern about saving face. I would like to see more human values established. Some aspects of Chinese culture are very good. (The value placed on) savings and conservation is old thinking, but very relevant to today's environmental concerns.

Q: People say you are a very religious man. What role has religion played in your life?

A: I studied Zen. But here was too much spiritualism (in that discipline). So I had no belief at all. I gradually came back to spiritualism and Christianity. Buddhism and Christianity are different ways of thinking, but the goals are the same. Christianity has love and Buddhism has humility. At their highest points they are the same. But Christianity is a freer way of thinking. The greatest part of Christianity is that you have faith in something you cannot see.

Q: Did this philosophy help you get through tough times in your life?

A: My life of 74 years has been changing time and again. I wanted to see people have democracy and freedom just like Moses leading the Israelites in their exodus from Egypt.

Q: As somebody who was raised in authoritarian systems, how did you become a democrat?

A: There was very strong discrimination (under the Japanese occupation of Taiwan before World War II). Society was very unfair. After the war (when the Kuomintang occupied Taiwan), it was also difficult. Compared with before, there was not so much discrimination, but it was ruled by yet another group of occupiers. I wanted freedom even during the Japanese period. I hated the colonial system. Human beings were not treated well. There were no human rights. I realized we had to find a democratic way.

Q: You were at Cornell University during the anti-Vietnam disturbances. Did that shake your faith in democracy?

A: There was chaos but still democracy. I realized you must use democracy to improve society. Despite the anti-Vietnam movement, the country kept its democratic system. The majority used the democratic system to improve the social order. American people, Asian people, African people all need human rights. Some talk of Asian values. I say Asian people have rights just like in the United States.

Taiwan: Premier Lien Comments on Li's NEWSWEEK Interview

OW1405091396 (Internet) Taiwan Central News Agency WWW in English 0808 GMT 14 May 96

[By Flor Wang]

[FBIS Transcribed Text] Taipei, May 14 (CNA) — The remarks made by President Li Teng-hui in an interview with NEWSWEEK are a demonstration of Li's goodwill and reflects Taiwan's hope that power transition in mainland China would be peaceful, Premier Lien Chan said on Tuesday [14 May].

Lien made the remarks at the Legislative Yuan while answering questions from Democratic Progressive Party legislators Ling Hung-chung and Weng Chin-chu.

President Li told NEWSWEEK that he sees the possibility of cooperating with Jiang Zemin after paramount leader Deng Xiaoping dies. Li also called Jiang's eight-point proposal to promote cross-strait ties a "break-through" and said Jiang seems to be "quite reasonable compared with the others."

Lien said Li's remarks are very concrete and full of goodwill and reflects Taiwan's basic stance that no disturbances will happen during the process of power transition on the mainland. "A peaceful transition will ensure its economic development and we are willing to help when necessary," he noted.

There will be ample room for the two sides to explore common interests, if the mainland can adopt a rational and pragmatic attitude during the transition process, Lien said.

Lien stressed that bilateral economic ties play a major role in cross-strait relations and that the government is determined to take practical measures to avoid political discrimination and to further boost two-way trade and commercial exchanges.

The government's plan to establish an offshore trans-shipment center is promoted by such a consideration and is something that must be done, Lien said.

He said both Taiwan and mainland China have been actively working on the issue and the smooth implementation of the plan will help the two sides to further strengthen their relations.

As to the setting up of a special trade zone, Lien said it is still on the drawing board and noted that further development of the plan will depend on improvements in across-strait relations.

Although the mainland Chinese side has been pushing for direct postal, shipping and trade links with Taiwan and economic ties are vital to bilateral relations, Lien said the government will never accept being treated as a local government by Beijing.

Taiwan: Ex-DPP Chairman Offered 'Senior' Advisory Position

OW1305155696 (Internet) Taiwanese Central News Agency WWW in English 1442 GMT 13 May 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 13 (CNA) — Huang Hsin-chieh, former chairman of the opposition Democratic Progressive Party (DPP), stands a good chance of becoming a senior advisor to President Li Teng-hui.

Li's secretary-general Wu Poh-hsiung conveyed the invitation to Huang during a visit Monday [13 May] afternoon.

When asked about his feelings about the invitation, Huang said he was "very pleased" to have a chance to serve the country and the public.

Huang rushed to add that he must report to the DPP and receive party approval, though he said the proposal should clear the party's discussions.

If the invitation is accepted by the DPP, Huang would become the first DPP party member to join the president's advisory group. The DPP has made no secret of its intention to push for an independent Taiwan.

Li is reportedly also planning to invite the DPP's former legislator Chiu Lien-hui and former Kaohsiung magistrate Yuchen Yach-ying onto his advisory panel.

Not long after winning a resounding presidential victory on March 23, Li, in his capacity as Kuomintang chairman, leaked statements to Wu that the new government would like to step up the recruitment of talent regardless of their party affiliation or gender.

Taiwan: Lawmakers Comment on Li's Upcoming Inaugural Speech

OW1405101396 (Internet) Taiwan Central News Agency WWW in English 0807 GMT 14 May 96

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, May 14 (CNA) — The public should not expect that President Li Teng-hui's inaugural speech could break the current impasse between the two sides of the Taiwan Strait, a group of lawmakers and scholars said Tuesday [14 May].

The legislators and academics made the call during a public hearing on President Li's inaugural speech and cross-strait relations sponsored by Legislator Yen Chia-fu of the opposition Democratic Progressive Party (DPP).

Li, who swept to a landslide victory in the March 23 election, will be sworn in as the ROC's first democratically elected president on May 20. He is expected to outline Taiwan's policy toward mainland China in his inaugural speech. Beijing leaders have repeatedly said they are watching what Li says in his address and will then decide whether to resume cross-strait dialogue, which it unilaterally suspended last July.

Yen said the pro-Taiwan independence DPP hopes Li will not soften his tone or stance toward Beijing in his inaugural speech. "Li should not make any concession simply for breaking the current cross-strait standoff," he stressed.

Legislator Li Ying-yuan, also a DPP member, said Taiwan need not be anxious to negotiate with Beijing nor to dance to its tune. "It is unrealistic to expect too much of Li's inaugural speech," he added.

Another DPP lawmaker, Lia Cho-shui, urged President Li to call a party-to-party consultative meeting to forge consensus on development of cross-strait ties.

Sun Chi-ming, a department director at the Straits Exchange Foundation (SEF), a semi-official body founded by ROC authorities to handle cross-strait exchanges in the absence of official ties, said in the eyes of Beijing, stemming the Taiwan independence movement is far

more urgent than negotiating terms for China's reunification at the present stage.

Therefore, Sun said, Li need not set any prerequisite for resumption of cross-strait dialogue in his inaugural speech. "Li should set premises only for reunification," he suggested.

Huang Hui-chen, chief executive of the private National Policy Research Center, said as Beijing expects Taiwan to compromise under its pressure, local people should not follow Beijing to pressure President Li to unveil bold strategies in his inaugural address to score a breakthrough in deadlocked cross-strait ties.

Noting that in a democratic country like Taiwan, national policy is unlikely to be unpredictable, Huang said it is unrealistic and unscientific to expect cross-strait problems could be resolved overnight.

Yao Li-ming, an opposition New Party legislator, said the ROC government has clearly spelled out its policy toward mainland China in the past. Li need not especially underscore that issue in his speech.

Taiwan: Taipei To Help Mainland in Peaceful Transfer of Power

OW1405112796 Hong Kong AFP in English 1057 GMT 14 May 96

[FBIS Transcribed Text] Taipei, May 14 (AFP) — Taiwanese Premier Lien Chan on Tuesday [14 May] said the government in Taiwan will help China secure its economic development during the future transfer of power within the Chinese leadership.

"We hope no chaos will occur in the transfer of power by the Chinese Communists. (We hope) they are able to maintain their economic development during the transfer. For this we will not rule out lending them our helping hands," Lien told members of parliament in a meeting. He said Chinese leaders were bound to take a tough stance in their policies as they moved to consolidate their positions ahead of the expected death of ailing paramount leader Deng Xiaoping.

But as long as the Chinese could be pragmatic and reasonable there was still considerable room for the two sides to discover mutual interests, he said.

He said Taiwan's establishment of an offshore shipping center for direct shipping with the mainland and its plan to set up a special economic zone to allow direct trade exchanges with China demonstrate Taipei's goodwill.

Relations between Taiwan and China, never cordial, soured further after President Li Teng-hui visited the United States in June last year, a trip Beijing saw as an attempt to promote Taiwan's independence.

China has said it will invade the island, where the Nationalists established a government after losing a civil war on the mainland to the communists in 1949, if it formally declared independence.

Taiwan: Premier: Cabinet To Resign Before Li's Inauguration

OW1405112496 (Internet) Taiwan Central News Agency WWW in English 0918 GMT 14 May 96

[By Flor Wang]

[FBIS Transcribed Text] Taipei, May 14 (CNA) — Premier Lien Chan said on Tuesday [14 May] that in accordance with the Constitution, the current Cabinet will resign before May 20.

Lien made the remarks while answering questions at the Legislative Yuan.

Because President Li Teng-hui will be inaugurated as the ninth president of the Republic of China (ROC) on May 20, the Cabinet will resign en masse before that date to show responsibility to the Legislative Yuan. The president of the Executive Yuan was nominated by President Li and approved by the Legislative Yuan in February.

Taiwan: Official Views Ties With PRC

BK1405041996 Bangkok ASIA TIMES in English 14 May 96 p 9

[Interview with Jasoc C. Hu, director general of Taiwan Government's Information Office by Philip Golub in Paris — date not given]

[FBIS Transcribed Text] As you know, during the presidential election the Chinese put pressure on us and conducted military exercises. But no one really knows why the mainland decided to do this.

On the surface, it would seem that they were unhappy about Li Teng-hui's visit to Cornell University and about the direct presidential election. But the Cornell visit occurred 16 months ago and the mainland had already reacted to the event with a missile test in July-August last year.

The direct election was also announced almost two years ago; yet the mainland did not do or say anything at the time. In fact, our practice of electing our president goes back 45 years.

Seen in the short term perhaps the mainland leaders were unhappy about Li Teng-hui. Perhaps the exercises were conducted in the hope that out of fear we would postpone or cancel the election. But we did not.

Perhaps they were trying to persuade people not to vote, threatening attack out of anger. If that was the intent, it hardly worked.

The turnout was 76 percent, a very high turnout by any standards — in the United States presidential election turnouts are always less than 50 percent! And third, perhaps they intended to use the exercises to decrease support for Li Teng-hui, they failed.

So, if these were the mainland's short-term intentions, none of them worked. But seen in the longer term, the events do not seem to be related to the Cornell visit or the direct election. Why then did the maneuvers occur? Why then did they overreact? No one knows for sure.

They said publicly that the aim of the exercises was to show clearly to the people in Taiwan that the mainland would not allow a move toward independence, permanent independence.

But we have clearly said and repeated that we are not seeking, that we are indeed opposed to independence. We have said so many times, thousands of times. Independence is not a policy option.

Q: It is nonetheless a regularly expressed concern in Beijing

A: What does independence mean? It means, and I think the mainland Chinese interpret it similarly, to declare permanent separation from China.

We are already independent. But by independence, I think people really are talking about a formal declaration of independence, a change of the name and the flag, an act which would signify: "No way, good-bye, we are not Chinese."

But that is not our policy. That would just be inviting trouble. If you do that, the mainland would have no choice but to attack. It is not going to happen.

We say and have said that we support reunification. Not now, but in the long run, under freedom, prosperity and democracy. So why did the exercises occur? It really remains very unclear.

Q: How then do you interpret the event?

A: I have been traveling in Europe, and people everywhere have been asking "why?" Many think that it might have something to do with the internal politics of mainland China and not so much to do with Taiwan. Of course, Taiwan is important and so are the United States, but it may well have a lot to do with the internal succession crisis.

No one really knows what occurred precisely, the true constellation of power. One can guess at it.

We are now two months after the election and people are rethinking the events. It should be clear that our government is not promoting a policy of permanently breaking away from mainland China, from China. After the presidential election, they know that the direct election was not an act of separation but an act of democracy. More and more people know that.

However, I must also tell you, that with the election behind us, we think it is very important to improve relations with mainland China.

Q: You have resumed contacts, have you not?

A: We want to resume talks. Dr Chiao Jen-ho who is also here in Paris, is our main negotiator with mainland China. We speak of the Chiao-Tang talks — Tang Shubei from mainland China and Chiao from our side. So, yes, we want to resume talks as soon as possible.

We do not think it is wise or constructive for either side to suspend talks in times of misunderstanding and crisis. It is precisely in times of crisis that it is important to communicate and keep channels open. So, I repeat, we want to get back round the table as soon as possible.

We also think that we could explore the possibility, the feasibility of a certain kind of arrangement to end the state of hostility.

Q: What kind of arrangement are you hinting at?

A: It could be a peace agreement, signed by both parties, committing both sides never to use force against each other. The mainland has never publicly renounced the use of force against Taiwan. On the contrary, they have said they reserved the military option.

We wish to come to an understanding be it an agreement, a statement, a declaration, whatever. We could both say: "We will only resort to peaceful methods, peaceful unification is the only way. We are all committed. We think that would be important. As well as these two important topics — the resumption of talks and an agreement not to use force there are other priority issues at the moment for us and Beijing.

Two high priority items would be the establishment of direct commercial links, transport links and telecommunications links which presently do not exist. The mainland very much wants to establish direct commercial, transport and telecommunications links.

Q: Is the establishment of direct links in these three domains conditional in any way on the non-use-of-force agreement idea you raised earlier?

A: That is a good point, which has been raised by others. But the answer is no, we are not putting any preconditions of any kind. We are saying: "If you want

to talk about resumption of talks, or a peace agreement, or the three links, or a summit meeting and the mainland wants a summit meeting — we will welcome all feasible propositions and talk "

In other words, let's talk about it. I am not promising anything specific; we are not going to promise anything and say: "OK, we will sign," or "OK, for the three links". But at least, we are saying let us talk to each other without preconditions.

Q: Prime Minister Lien Chan recently announced the creation of a special trade zone to handle cross strait economic activities. Is this essentially mainland oriented or more general? Taiwanese officials have said it is a first step toward making Taiwan into a regional trade and high-tech hub.

A: The Asia-Pacific Operations Center project is something the government has decided to push forward over the next few years.

Hopefully, by the end of the century we will be able to build Taiwan into a major operations center of the Asia-Pacific region in six areas: financial activities, manufacturing activities, aviation, sea transport, media, and telecommunications.

Why do we need to do this? Because East Asia is growing rapidly and if we do not develop Taiwan into an important focal point in regional activities, we will lose ground.

People say: "Ah, we know, you are trying to replace Hong Kong." Well, with or without Hong Kong, and even with or without unification, Taiwan must have a future and the future lies in this plan whose aim is to make us into the center of regional activity, at least in these six areas.

Of course, improved relations with the mainland will help make this plan successful. Were Taiwan-mainland relations to improve, Taiwan could serve as an entry-point, an interactive center, to mainland China but also to the rest of the region. Taiwan is ideally located, with Japan to the North, the Philippines, South-East Asia, and the island chain to the South — Taiwan is right in the center.

Taiwan's labor costs are well below Japan's, and our management and other facilities are much more effective than Southeast Asia's.

You don't go to Manila to get to mainland China, you go to Taipei or Kaohsiung. Kaohsiung is one of the best ports if not the best port in East Asia. It is number three worldwide in container trade, just behind Hong Kong and Singapore, but ahead of Rotterdam. Handling charges are cheaper, much cheaper than in Hong Kong.

So if we have better relations with mainland China, the plan will be more successful. But even if we do not have a good working relationship with the mainland, we still need to build Taiwan.

Two measures to improve links with the mainland were recently taken. First, we have allowed semi-direct flights between Taiwan and the mainland. It is a special agreement with Macau. If you fly from Taiwan to Macau, you don't need to change planes.

The flight number changes and you fly onto Shanghai. Rather than a 14-hour trip like in the past when going via Hong Kong, it becomes a three to four-hour journey.

Second, we have devised a plan to establish a transshipment center whereby vessels calling on Kaohsiung can sail directly to mainland China once they leave port. In the past they could not do this.

This is limited to foreign flag vessels for the moment. It is made possible because we have made the area into a kind of offshore center and shipments become offshore transshipment. In short, we are improving our links with mainland China in view of our plan to build Taiwan into an Asia-Pacific Operations Center.

Q: How do you intend to deal with exports going through Hong Kong after 1997?

A: We are probably going to allow things to go on as usual via Hong Kong. We believe that the Hong Kong authorities and the mainland authorities will want things to happen in the same way as before 1997.

They don't want Hong Kong to lose its share of transactions, which would damage its economy. We constitute a major part of commercial activity in Hong Kong. We are the second largest investor in mainland China, Hong Kong being the first. But a good part of the money flowing into China from Hong Kong comes from Taiwan.

Ninety percent of the one million visits to the mainland from Taiwan go through Hong Kong. We are important to the prosperity of Hong Kong and we will stay there. We hope to stay, and we think the mainland also wants us to stay. The problem is will they make it difficult for us to stay? We are also persons of dignity, and if things are made too difficult for us, we will leave, but we will do our best to stay.

Q: Do you view the measures taken by the National People's Congress toward a greater "rule of law" in the economic domain as a step in the right direction?

A: We hope that market reform in the mainland will continue, that the opening will continue, whatever happens otherwise, because this is the hope for mainland China. There are a lot of people on the mainland who

believe that they will be able to enjoy the benefits of economic development without political change.

But I think that 10 or 15 years hence, along with growth and development, thresholds will be reached and a sizable proportion of the population will become middle class. And when you become middle class, it means you have something in your pocket and you don't want the State to decide what to do with it.

Maybe there will be a stock market, and private ownership of houses, land, etc. When that threshold is reached, the political system will have to change.

Q: Many western investors consider that Taiwan's financial markets are still "too closed". If any, what are your plans to continue liberalizing the financial markets?

A: We indeed intend to further open our markets to make them into a stepping stone for investment in the region. The president has recently pinpointed some of the directions he would like the government to take because he considers that the government was, in some cases, being too conservative, too prudent.

We have been saying for quite some time that we should further liberalize our economy and financial institutions, but the people in charge were too careful, too cautious, resistant to change.

But I can guarantee that soon after the inauguration (on May 20), Li Teng-hui is going to do a great deal to reform the country toward what he calls liberalization and internationalization in all directions, not only financial markets.

Taiwan: DPP Delegation Meets Japanese NFP Representative

OW1305155796 (Internet) Taiwanese Central News Agency WWW in English 1518 GMT 13 May 96

[By Maubo Chang]

[FBIS Transcribed Text] Taipei, May 13 (CNA) — The Democratic Progressive Party's East Asia security delegation, led by former DPP Chairman Shih Ming-teh, called on the Japanese Shinshinto (New Frontier Party) [NFP] in Tokyo on Monday [13 May], according to a press release issued by DPP headquarters in Taipei.

Shih was quoted in the release as telling his Japanese host that he understands the "one China policy" adopted by the international community, but that Taiwan is not a part of the People's Republic of China as Beijing claims.

Shih and his delegation were greeted by Japanese Diet Member Shozo Azuma on behalf of Shinshinto party head Ichiro Ozawa.

Shih also sought the Shinshinto's support for the DDP's idea of neutralizing the Taiwan Strait, which, in Shih's view, would ensure the safety of sea traffic through the narrow channel.

Azuma, though hesitating to endorse the DDP's proposal, said that Japan is concerned about Beijing's military buildup, which poses a potential threat to sea traffic, but that Tokyo's hands were tied by its anti-war constitution.

According to Azuma, Tokyo would have to alter its constitution before it could play a major military role in Asia.

The Shinshinto leader, however, reconfirmed his party's support for a private visit to Japan by ROC President Li Teng-hui, saying that the Shinshinto will not sway from that position.

He also briefed Shih on the talks Ozawa had with mainland leaders during his just-concluded mainland trip.

Taiwan: Ku Chen-fu Urges Flexibility for SEF

OW1405112696 Taipei CHUNG-KUO SHIH-PAO in Chinese 9 May 96 p 9

[By reporters Tsai Pi-chu (5591 4310 3796) and Hsia Chen (0115 3791)]

[FBIS Translated Text] Taipei — After attending a meeting of the Kuomintang (KMT) Central Committee Standing Committee on 8 May, Ku Chen-fu, chairman of the Strait Exchange Foundation (SEF), indicated that he hoped that the functions of the SEF, which is a nongovernment service organization in the first place, should not be restricted; but that the SEF should not take on too many responsibilities. However, he said, the SEF would take part in future preparatory consultations for cross-strait talks as long as it had the government's authorization.

When asked to comment on a statement made by Chang Ching-yu, director the Executive Yuan Mainland Affairs Commission, in Singapore recently that future cross-strait dialogue may be conducted through another channel and may not necessarily be the SEF, Ku Chen-fu said it would be more appropriate for him to comment on the statement after exchanging views with Chang when he returns. He urged reporters to be patient.

He stressed, however, that the SEF should be allowed to operate flexibly since it is a nongovernment, functional organization. For example, he noted, government officials used to take part in cross-strait discussions under the rubric of SEF advisers. This is a very flexible measure, he said.

Ku Chen-fu added that, since preparatory consultations will always precede high-level talks in the future, the SEF will provide its services in this respect if authorized.

Taiwan: Air Force To Lease Subic Bay Base for Training

OW1405112896 Taipei Voice of Free China in English 0200 GMT 12 May 96

[FBIS Transcribed Text] With Washington's mediations, the Philippines has agreed to lease the former U.S. air bases at Subic Bay to Taiwan for military training.

A local newspaper reported military officials as saying the Philippines will soon sign a lease agreement with the ROC (Republic of China) Air Force. The report said that Taiwan needs a wider airstrip to train pilots for the 150 U.S.-made F-16's and 60 France-made Mirage fighters it will start receiving in July.

New Zealand, Australia, and the United States have refused to lease air bases to Taiwan for fear of angering mainland China. But the Philippines agreed because of Washington's concerns about Taiwan's role in the region's security and its economic aid and investment in civilian industries going in Subic Bay. Mainland China claims sovereignty over Taiwan and opposes foreign countries cooperating with it militarily.

Taiwan: Ministry Comments on Ties with Russia, Aviation Rights

OW1305124596 (Internet) Taiwanese Central News Agency WWW in English 0951 GMT 13 May 96

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, May 13 (CNA) — Relations between the Republic of China (ROC) and Russia will grow even faster after Moscow opens a representative office in Taipei in the not too distant future, the Ministry of Foreign Affairs (MOFA) said Monday (13 May).

In a report submitted to the Legislative Yuan, the ministry said Taiwan and Russia have agreed in principle on the exchange of aviation rights. The airlines designated to fly the route from each side are expected to finalize negotiations on some technical details in the near future, the report said, adding that direct Taiwan-Russian flight services will be available shortly after the Russian representative office in Taipei becomes operational.

The Russian Foreign Ministry has designated its former ambassador to Mauritius to head its representative office in Taipei. The report said the Russian representative

office may be inaugurated after Russia's presidential election concludes in mid-June.

The report quoted the Russian Foreign Ministry as saying last month that Russia hopes its representative office can be opened before the end of this year. It further said Beijing does not oppose the development of non-governmental Russian-Taiwan ties.

The report said Taiwan has sent to Russia a draft accord on opening of shipping services between the two countries. The two sides will further discuss the issue later, the report said.

Noting that Russia has rich natural resources and is a leader in military and many other high-technology fields, the report said Taiwan should strive to expand trade or technological cooperation with that country.

Taiwan: Minister Rules Out 'Arms Deals' With Russia

OW1305133296 (Internet) Taiwanese Central News Agency WWW in English 1151 GMT 13 May 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 13 (CNA) — Vice Foreign Affairs Minister Chen Hsi-fan on Monday [13 May] ruled out the possibility of arms deals with Moscow, though he said developments of other ties between the two countries have been progressing on a steady track.

"The room for future development of ties between the Republic of China and Russia is restricted to the areas of economy and trade, culture, scientific technology, and education," Chen said in his reply to a question raised by Kuomintang Legislator Chen Hung-chi in the Legislative Yuan.

It has been Russia's long-standing policy not to sell weapons to Taipei, the arch rival of Beijing for decades, Chen said.

Noting that ROC [Republic of China] troops have never used Russian-made weapons before, Chen said the Army is afraid that if it did use such weapons, it might encounter problems with parts supply and logistics support.

Reports of purchasing Russia-made weapons were in the spotlight of local mass media for a while. Among the items involved in the latest report is the SAM surface-to-air missile, but the report was sternly denied by the Ministry of National Defense.

In June 1992, the ROC and Russia signed a memorandum of understanding in Paris on the exchange of liaison

offices and the establishment of "economic and cultural coordination commissions" in each other's country.

The ROC set up its representative office in Moscow on July 12, 1993, but Russia has yet to reciprocate due to a combination of factors such as political instability and economic strains.

Chen gave top priority to the opening of a Taipei office by the Russian side. Before this major barrier is removed, he said, a bilateral investment guarantee agreement cannot be signed, Russia cannot issue entry visas here, and the two sides cannot establish direct transportation links.

"Direct air and shipping links between the two countries could have been realized three years ago if Moscow had set up the Taipei office as scheduled," Chen said.

Meanwhile, Chen would not deny the possible effects that Taipei-Moscow ties might have on relations with Belarus, Ukraine, and Kazakhstan. "(These countries) are taking a wait-and-see attitude (on ties with Taipei)," Chen said.

Taiwan: Protests to Moscow Over Sales of Su-27's to Beijing

OW1305143096 (Internet) Taiwanese Central News Agency WWW in English 1352 GMT 13 May 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 13 (CNA) — A senior Foreign Affairs Ministry official told the legislature on Monday [13 May] that despite a lack of official links with Moscow, the Government of the Republic of China [ROC] has filed protests to Russia over its sales of Su-27 fighters to Beijing.

"ROC Representative to Moscow Lo Lung has taken a close look at the arms sales, and has expressed his deep concern to the Russian government," Vice Foreign Affairs Minister Chen Hsi-fan said in reply to an inquiry raised by Legislator Tsai Ming-hsien.

Moscow maintains official diplomatic links with Beijing, and non-political ties with Taipei.

Beijing has acquired from Russia 26 Su-27 jet fighters, one of the most advanced combat aircraft in the world.

In addition, the Communist Chinese are scheduled to assemble 150 Su-27s in Shenzhen, Guangdong Province, over the next ten years, with Russia providing sophisticated electronics equipment and engines, according to an arms deal Beijing reached with Moscow recently.

Chen also used the occasion to deny Tsai's question of whether Moscow is about to sell Beijing an aircraft

carrier and whether the deal would affect stability in the Asia-Pacific region. "The report of the arms deal is not correct," Chen said.

The People's Liberation Army has also acquired Kilo-class submarines, K27 helicopters, T-80 tanks, and S300 anti-aircraft missiles since Beijing and Moscow signed a five-year military cooperation agreement in 1993, according to a written statement presented by the Ministry of Foreign Affairs.

The report also contained a shopping list of weapons systems in which Beijing has displayed keen interest, including cruise missiles, Kilo-class attack submarines, MiG-29s, MiG-31s, airborne early warning and command aircraft, and airborne refueling techniques.

Taiwan: France Hands Over First Mirage Fighter

OW1405092496 Taipei LIEN-HO PAO in Chinese
8 May 96 p 4

[FBIS Translated Text] A ceremony was held at France's Dassault Aviation on 7 May to hand over the first of 60 Mirage 2000 fighters the Air Force has purchased. Air Force Chief Commander Huang Hsien-jung disclosed recently that the first batch of Mirage fighters will arrive in Taiwan in the middle of next year. The first combat squadron will be formed and put into service by the end of next year after training to refurbish military strength is concluded for personnel. All the 60 Mirage fighters will be delivered by the middle of 1998 at the latest.

As France has asked for low-key handling of the case, Taiwan was represented at the handover ceremony for the Mirage 2000-5s by Major General Shih Chi-min, chief of the control office for arms procurement under the Air Force General Headquarters, and Major General Ke Kuang-yueh, the Air Force representative at the plant. Ke Kuang-yueh has been stationed in France for more than two years and is expected to return home. He will be promoted to captain of a tactical fighter wing.

At the recent South Africa National Day party, Air Force Chief Commander Huang Hsien-jung also told the media that a handover ceremony will be held at the Lockheed Martin Corporation in Fort Worth, Texas, in July for the first of 150 F-16 A/B MLU fighters purchased from the United States. The first F-16 combat squadron will be formed and put into service by the end of next year.

An official said that the Air Force has sent air and ground crews separately to France and the United States for training in refurbishing the second generation military strength. The number of personnel sent for overseas training will be increased as more new planes

are delivered by the two countries in the future. Targeted at a total of 430 frontline fighters after the completion of training to refurbish the second generation military strength, the Air Force will recruit college graduates from July for flying officer classes for over a year of training. The officers will have a service life of 10 years.

Taiwan: South African Minister Nzo Postpones Taipei Visit

OW1405093496 (Internet) Taiwan Central News Agency WWW in English 0918 GMT 14 May 96

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, May 14 (CNA) — The South African Embassy here said on Tuesday [14 May] that its foreign minister, Alfred Nzo, has postponed his planned visit to Taipei for unspecified reasons.

"The Embassy wishes to confirm that a fact finding mission to Taipei by South African Foreign Minister Alfred Nzo has been postponed and will no longer take place in June as was expected," the embassy said in a news release.

The press statement said the South African Foreign Ministry provided no reason for the postponement. "While no alternative dates have yet been proposed, the South African and ROC [Republic of China] authorities remain in contact," it noted, adding that further information will be made available as soon as a mutually convenient time slot for the rescheduled visit has been agreed upon.

South African Embassy announced last week that Nzo would visit Taipei in the first half of June to exchange views with ROC officials on relations between the two countries.

J.J. Le Roux, an embassy spokesman, said Nzo did not cancel his Taipei visit. "Nzo only decided to postpone it," he noted.

To his knowledge, Le Roux said the postponement has nothing to do with ROC-South African relations. "It might be related to recent changes in my country's political situation," he explained.

South African President Nelson Mandela recently changed several Cabinet members following the withdrawal of the white-led National Party from the government. However, Nzo and Defense Minister Johannes Modise, who will represent Mandela at the inauguration of the ROC's first democratically elected president on May 20, remain in their positions.

Le Roux said Modise will not conduct a fact finding mission in place of Nzo during his upcoming visit to

Taipei for the inauguration of incumbent ROC President Li Teng-hui for a second four-year term.

Nzo made a fact finding visit to Mainland China in March. He was originally scheduled to visit Taipei following his mainland trip, but later changed his mind because Taiwan was then holding its first-ever direct presidential election.

South Africa is one of the ROC's most important diplomatic allies. Despite its desire to forge ties with Beijing, Mandela has reaffirmed at several public occasions that his country has no intention of sacrificing its longstanding formal relations with the ROC. Mainland China demanded South Africa break diplomatic ties with Taiwan as a condition for establishing Beijing-Pretoria relations.

Hong Kong

Hong Kong: Draft Explanation of Nationality Law Praised

OW1305150296 Beijing XINHUA in English
1450 GMT 13 May 96

[FBIS Transcribed Text] Beijing, May 13 (XINHUA) — Chinese legislators today praised a draft explanation on the implementation of China's Nationality Law in the Hong Kong Special Administrative Region [HKSAR] after 1997 as "flexible and pragmatic while sticking to principles", and suggested it be passed as soon as possible.

The draft explanation of several questions related to the implementation of the Nationality Law of the People's Republic of China in the Hong Kong Special Administrative Region (SAR) was submitted for consideration a week ago to the current session of the Standing Committee of the Eighth National People's Congress (NPC), China's top legislature, here.

"The draft explanation will surely help reassure Hong Kong residents and benefit Hong Kong's return to the motherland on July 1, 1997," legislator Qiu Qing pointed out, adding that the explanation reflects China's full sovereignty and the dignity of the Nationality Law.

Legislator Zhou Jue said the draft explanation is not only in accordance with the Nationality Law and the Basic Law of the Hong Kong SAR, but also consistent with relevant stipulations in international laws.

According to him, it is common by international laws to judge a person's nationality by his descent and birthplace. Since most Hong Kong residents have Chinese descent and were born on Chinese soil, he said, they shall certainly have Chinese citizenship.

The draft explanation stipulates that those Hong Kong residents who obtained British passports through the so-called "British Nationality Selection Scheme" will not be recognized as British citizens, and the British passports possessed by Hong Kong residents can be used as valid travel documents in their travels to other countries and regions. Such stipulations, Zhou said, not only reflect China's stand, but also take Hong Kong people's interests into full consideration.

"It is beyond question that the stipulations will win support of the Hong Kong compatriots," he concluded.

Legislator Xu Qichao suggested that work on issuing Hong Kong SAR passports be speeded up to avoid possible problems.

Hong Kong: Commonwealth Lawmakers Urge 'Through Train'

HK1405080696 Hong Kong EASTERN EXPRESS
in English 14 May 96 p 2

[By Jimmy Cheung]

[PTS Transcribed Text for FBIS] Visiting Commonwealth lawmakers have urged a through train for the Legislative Council [Legco].

And one called on Hong Kong to suppress all communists before the handover, to ensure a high degree of autonomy after July next year.

At a seminar of parliamentarians hosted by Legco, Malaysian delegate Dato Nassar voiced concern at China's move to replace the legislature with a caretaker assembly.

Referring to the National People's Congress's power to interpret the Basic Law, the delegate said scrapping Legco would make the territory more vulnerable.

"I find the only custodian of the Hong Kong Basic Law is this legislature," he said.

In a separate session, Malawi delegate Frank Mkan-dawire warned of communist intervention after the changeover.

"When you examine this principle (of one country, two systems) thoroughly you will find that the prospect that you have actually been given will easily be dashed.

"You cannot hold two systems in one country. But the only way for Hong Kong to avoid its autonomy being jeopardised by mainland China is to ensure that there is no formation of a socialist (communist) party in Hong Kong," he said.

Chief Secretary Anson Chan said she regretted China's decision to abolish a fully elected Legco.

She told more than 44 delegates that Britain would treat the current Legco as the only "constitutional" legislature.

"There is no need or justification for a provisional legislature," she said.

"But, if such a body is to be set up, it is important for China to explain their action, in particular to explain how it is compatible with the Joint Declaration and the Basic Law, and how Hong Kong people will be involved," she said.

Chan refused to respond to the question on communism.

Hong Kong: PRC Expected to Adopt Hong Kong Model by 2097*HK1405081896 Hong Kong HONGKONG
STANDARD in English 14 May 96 p 1***[By Lily Mak and Carmen Cheung]****[PTS Transcribed Text for FBIS]** One hundred years after the handover, China will be just like Hong Kong.

This is the bold prediction made by Chief Secretary Anson Chan Fang On-sang.

Continued economic prosperity in China would bring political liberalisation, and a "one country, one system" model, based on Hong Kong, would emerge 100 years after the territory's return to China, she said.

This is the first time the Chief Secretary has commented publicly on this sensitive issue.

Her remarks came in reply to a question raised by a delegate from Pakistan who attended the Eighth Commonwealth Parliamentary Seminar yesterday. He asked Mrs Chan what would become of Hong Kong by 2047.

She would expect significant changes in China itself in 50 years, Mrs Chan said.

"We will, of course, see changes in the rest of the world and certainly changes in Hong Kong. And provided China continues with its open-door policies and continues to prosper economically, I think that there will come political liberalisation."

Mrs Chan then went on to state her hope for a merging of the China and Hong Kong systems based on the Hong Kong model by 2097.

"And so over the years, beyond the 50 years, I think that there will come a stage when the gap, whether in economic or political institutions, will close very rapidly."

"Hopefully by 100 years after the handover it will be one country, one system — and Hong Kong's system at that," she said.

A delegate from Britain asked what depth of understanding Mrs Chan thought actually existed within the Chinese government of the importance of free, democratic and accountable government in Hong Kong.

She said it was true the political system in China was very different from that in Hong Kong.

"I personally have no doubt that the Chinese leaders are sincere in saying they intend to implement the Joint Declaration and the Basic Law."

"But because their concepts and values are so very different from ours, I think we sometimes feel that it is a lack of comprehension that results in actions and words which cause concern and tend to undermine confidence here."

Mrs Chan said it was particularly important that Hong Kong people did not always condemn the Chinese but try to explain the reasons behind the difference in the systems. This was vital for Hong Kong's continued prosperity, she said.

Without referring specifically to Hong Kong members of the Preparatory Committee, Mrs Chan stressed that people who dealt with China should stand up for Hong Kong's autonomy.

"Of course the Chinese may have different views on what is best for Hong Kong, arising out of a lack of understanding."

"Hong Kong people who deal with China understand our systems very well. It is really up to them to explain the differences and defend our autonomy."

Democratic Party legislator Sin Chung-kai and independent legislator Eric Li Ka-cheung didn't think Mrs Chan's remarks were anything special.

Mr Sin said her remarks were in tune with remarks made by Governor Chris Patten last week when he urged the people of Hong Kong to express their views. Mr Li said Mrs Chan's views were pragmatic and coherent with the stance of the government.

Hong Kong: Editorial on Future Links With Commonwealth*HK1405081996 Hong Kong HONGKONG
STANDARD in English 14 May 96 p 10***[Editorial: "Friends Can Help Us In the Future"]****[PTS Transcribed Text for FBIS]** Some influential parliamentarians yesterday debated Hong Kong's future.

Following the time-honoured tradition of Question Time in the House, their comments were tough, challenging, contentious and occasionally barbed.

But the setting was Hong Kong, not Westminster. And the parliamentarians came from 20 different countries.

The occasion was the opening of the Eighth Commonwealth Parliamentary Seminar in the Legislative Council Chamber.

One of the barbed comments came from F V M Mkandawire, a parliamentarian from Malawi. Speaking of the "one country, two systems" policy, he said: "When you examine this principle thoroughly you will

find that the prospect you have been given will be easily dashed, because you cannot hold two systems in one country."

Chief Secretary Anson Chan pointed out, rightly, that this policy will eventually help bridge a huge gap between Hong Kong and China.

"I would think that there will come a stage when the gap, whether in economic or political institutions, will close and close very rapidly," she said, predicting that by 2097 "it will be one country, one system, and Hong Kong's system at that."

Mrs Chan is aware that China's leaders are no longer blinded by rigid adherence to ideologies and recriminations about the past.

In the short-term, Hong Kong must reconcile its higher living standards and peculiarities with the awareness that it is a Chinese city. But given the mood in China today, it will be considerably less difficult to cope with the situation than it would have been a few years ago.

Countries such as Singapore have applied socialist methods to achieve capitalist ends and gains. So, conversely, why should it not be possible for China to achieve socialist ends for the country by applying capitalist means in Hong Kong?

But Mrs Chan also used the international forum to urge Hong Kong people to unite and defend their rights and freedoms. In particular she called on those who have dealings with China to be more prepared to defend and explain Hong Kong's autonomy to Beijing.

Governor Chris Patten took things one step further by telling the parliamentarians: "The preservation and promotion of openly and fairly elected representative institutions will be of key importance to maintaining the vitality of this sophisticated community".

Noting that Hong Kong will not be eligible to participate in such meetings after the handover, Arthur Donahoe, secretary-general of the London-based Commonwealth Parliamentary Association Headquarters Secretariat, described the territory's withdrawal as "unfortunate".

Three local legislators went to Auckland, New Zealand, last year to lobby delegates to the 30th Commonwealth summit on ways to maintain lines of communication with the Commonwealth.

It will, of course, be up to officials of the future Special Administrative Region (SAR) to address this question. And they will undoubtedly do so with mixed feelings.

On the one hand, the Commonwealth is rife with colonial symbolism. On the other hand, there are certain Commonwealth programs — particularly those

involving such areas as youth development, education and economic and legal affairs — which would benefit the future SAR.

Hong Kong will step into the future next year. The question is: Will we keep one foot in the past?

Hong Kong: Selection of First SAR Chief Executive Delayed

HK1405082096 Hong Kong EASTERN EXPRESS
in English 14 May 96 p 2

[By Rain Ren in Beijing]

[PTS Transcribed Text for FBIS] The Beijing-appointed selection committee to produce the first post-1997 chief executive will not be set up until September this year, a committee member said yesterday.

The committee will also be responsible for setting up a provisional legislature before the handover.

It is understood the delay has been ordered to allow senior leaders in Beijing more time to consider the composition of the 400-strong committee. China considers the selection committee highly important as it relates to whether the "right person", in the eyes of the senior leaders, can be found for the post of chief executive.

Yesterday, the selection committee subgroup under the Preparatory Committee (PC) held its first meeting since the consultation carried out in Hong Kong last month.

A thick document on different views expressed at consultation sessions was distributed to subgroup members and each dissenting opinion was to be discussed.

A panel member said one of the controversies focused on how to define the political figures who will select 100 members for the selection committee.

Views were also divided on whether proposed members of the selection committee should be required to openly support the provisional legislature.

There is no consensus on whether all 94 Hong Kong members in the PC should automatically be members of the selection committee.

The panel will today try to reach consensus on guidelines for the selection committee to be presented at the PC plenary.

Details on the make-up of the selection committee are expected to be approved at another plenary in July.

It is expected that the committee will be set up in September and the first special administrative region [SAR] chief executive should be announced at the end of the year.

Zhou Nan, director of the Hong Kong office of Xinhua (the New China News Agency) and a subgroup member, said the panel would consult the PC further on the selection committee.

"This, I think, is a prudent and responsible way to do things. It shows that we are really taking public views seriously," Zhou said.

Hong Kong: Patten: Widely Elected Legislature Vital

HK1405082396 Hong Kong SOUTH CHINA MORNING POST in English 14 May 96 p 6

[Report by Angela Li, Sauw Yim, and Fung Wai-Kong]

[PTS Transcribed Text for FBIS] The preservation of a widely elected legislature was vital to maintain the stability and prosperity of Hong Kong, Governor Chris Patten said.

"Mechanisms for public debate and decision-making on issues that affect the whole community, and for holding office holders to account before the community, are indispensable to both business and social stability," he told the seminar.

Although he did not attack China's decision to set up the provisional legislature, Mr Patten said there was a clear agreement by China and Britain to develop representative government in the territory.

The incumbent council was a step in this programme.

Hong Kong's unique position, with no hope of getting independence, delayed any substantial progress for democratisation of its institutions until 1984.

Mr Patten said democracy and freedom would be maintained after the handover. "I don't believe myself that the message of the 1990s is that those things can be snuffed out or will be snuffed out."

Mr Patten said the close links between Hong Kong and other Commonwealth countries should be preserved.

"Shared history, shared systems of law and shared roots of governing institutions give particular depth to the relationship between Hong Kong and the members of the Commonwealth," he said.

The frameworks of decency, law and pluralism would be the key to the success of Hong Kong even after 1997, he said.

Hong Kong: Sino-U.S. IPR Talks, Position of Hong Kong

HK1405082296 Hong Kong EASTERN EXPRESS in English 14 May 96 p 18

[Editorial: "No Room for Niceties in Trade Talks"]

[PTS Transcribed Text for FBIS] There will be little room for niceties in the meeting between United States assistant trade representative Lee Sands and Chinese government trade officials which began in Beijing yesterday.

The US shows every sign of adopting a very hard line towards what they see as China's flagrant and growing breach of intellectual property rights [IPR]. Beijing is equally adamant that it has done a sterling job in stamping out piracy, and that any sanctions against it will be returned with interest.

Hong Kong, as always in this annual stand-off, is likely to be the biggest loser if matters are not resolved, since it handles so much of China's trade through re-exports.

The only hope is the threats are largely posturing and a trade war will be averted at the last minute.

Although that has happened in the past, there is always the fear on this occasion the US will not relent. Threats have produced promises in previous years, but the action which follows has failed to satisfy US demands.

In 1995, import tariffs of US\$1.08bn (HK\$8.4bn) were imposed for a matter of hours before China agreed to the accord calling for greater protection of intellectual property rights.

This year the business relationship between the two powers is at its lowest ebb for some time after a series of political rows, ranging from the US decision to admit the Taiwan president Lee Teng-hui, to China's sale of nuclear technology to Pakistan.

Chinese leaders have apparently succeeded in persuading Washington the nuclear sale was without their knowledge; but their claim that they have more than lived up to their commitment to stamp out piracy of computer software does not accord with the views of the US software and music industry that the piracy problem has worsened since China signed a Bilateral IPR Enforcement Agreement with the US in February 1995.

It is impossible to know precisely what the truth is. The US claims China produces 40 per cent of the world's pirated goods. Beijing responds it has only 22 registered factories producing compact discs and CD-Roms, and all are carefully monitored. This may be so. But in such a vast country it is unlikely they will succeed in stamping out such a profitable concern.

According to the US International Intellectual Property Alliance, 1995 trade losses in entertainment software, records, books, and films amounted to US\$1.84bn. The losses to the business computer software industry bring the total to an estimated US\$2.3bn.

So it is possible this time the US really means business and is about to slap duties on US\$2bn worth of Chinese imports from the middle of next month. That could cost Hong Kong traders and manufacturers anything from \$800m to \$1.45bn, but there is speculation the list of goods which will be targeted may have been specially drawn up to limit the impact on the territory.

Despite the tough stand the US has taken towards what it sees as Hong Kong's failure to stamp out large-scale local business investment in counterfeiting factories over the border, and the widespread sale of pirated CDs and computer software here, Hong Kong has managed to avert appearing on its watchlist at least for the next six months.

The US does not question the strictness of the copyright laws in Hong Kong, but says they are not being sufficiently enforced and that the trade is so blatant that guidebooks carry lists of places where the materials can be bought.

The charges have caused anger in Hong Kong, but it is probable the real reason why the territory has come in for special criticism at this time is because of fears about the situation after the handover. US trade officials possibly fear that if they do not urge a severe crackdown on pirated goods smuggled from the mainland now, there will be little chance of doing so when the territory becomes part of China.

The effect on Hong Kong if trade sanctions are imposed will be severe, although according to an official at Kwai Chung, the largest container port here, the territory does not rely as much on the US market as previously. Trade still amounts to 35 per cent of the port's traffic, but it is about half of what it was in the early 1980s.

Last year, Hong Kong's exports to the US were more than \$34.6bn, and at a time when the territory is wrestling with unemployment and inflation, a trade war between the two big powers would have a very detrimental effect on trade figures.

Indeed there would be no winners in such a war, a fact which Washington is unlikely to overlook. The long-term interest of the US is in seeing China become a full partner in the global economy, widening its contacts with the outside world and through such exchanges opening up to democratic ideals.

Retaliatory sanctions by China would result in US films and music being banned there, thus cutting off the country from Western culture. The loss of influence might well outweigh any gain.

Hong Kong: Airport Authority Welcomes JLG Agreement

OW1305153496 Beijing XINHUA in English
1508 GMT 13 May 96

[FBIS Transcribed Text] Hong Kong, May 13 (XINHUA) — Hong Kong Airport Authority welcomed the announcement that agreement had been reached between the Chinese and British sides of the Joint Liaison Group's (JLG's) Airport Committee on more franchises for the new airport under construction at Chek Lap Kok.

Zhao Jihua and Hugh Davies, senior representatives of the two sides, signed two agreed minutes today to give a nod to six franchises for aircraft line and base maintenance and aircraft ramp handling services, which will straddle the year of 1997.

Wong Po-yan, chairman of the Airport Authority, said: "Agreement on these important franchises is good news for the Authority." With the franchises in place, the Authority can continue to focus all efforts on achieving the overall target to open the new airport as scheduled in April 1998, he said.

According to the ramp handling agreement, three franchises will be awarded to Hong Kong Airport Services Ltd, Chek Lap Kok Ground Handling Ltd, and Ogden Aviation (Hong Kong) Ltd respectively.

The line maintenance franchise will be awarded to China Aircraft Services Ltd and Pan Asia Pacific Aviation Services Ltd and a combined line and base maintenance franchise to Hong Kong Aircraft Engineering Company limited.

Hong Kong: Editorial on Aviation, Communications Center

HK1405053096 Hong Kong TA KUNG PAO
in Chinese 6 May 96 p a2

[Editorial: "Hong Kong's Status as Civil Aviation and Communications Center Will Become More Important"]

[PTS Translated Text for FBIS] An agreement on the stake arrangements for a Hong Kong civil aviation company involving British-funded Swire was announced early last week. After that, the price of Swire stock soared. In addition, the third negotiation between Britain's Cable and Wireless and British Telecom, which had lasted more than one month, was declared unsuccessful. Cable and Wireless is a major

shareholder of Hong Kong Telecom, and its profits come mainly from Hong Kong. For historical and practical reasons, the trends of these British-funded companies in Asia have always attracted Hong Kong people's attention.

Civil aviation and telecommunications are major sectors in the Asia-Pacific region which are developing rapidly and with great potential. It is natural for China's enterprises to participate in these two sectors. Since reform and opening up, civil aviation and communications undertakings have been developing very rapidly on the mainland. Various countries attach importance to the civil aviation and communications markets, and vie with one another to open them up. Hong Kong, as a center of international shipping and communications, also has been benefited. Its status has been constantly enhanced with the development of reform, opening up, and modernization on the motherland.

According to the new arrangements announced last week, the shareholding of Swire in Cathay and Dragonair has dropped, whereas a China-funded enterprise has increased its shareholding in the two airlines. Market response to the announcement is: It is believed that in the future, Swire will further benefit by these two Hong Kong civil aviation companies; hence, its stock price has increased. One-third of Swire's total profits earned in Hong Kong comes from Cathay. The present stake readjustments are purely a normal commercial deal. Swire is still a major shareholder of Cathay, and the HK\$6.3 billion injected into Cathay by China-funded CITIC [China International Trade and Investment Corporation] will enable the company to buy more aircraft next year, and to fund its move to Chek Lap Kok Airport. The China National Aviation Corp (CNAC) Group also will increase its funds injected into Dragonair. The CNAC Group increased its shareholding in the two Hong Kong civil aviation companies, Cathay and Dragonair, so as to promote its cooperation with the British- and Hong Kong-funded enterprises. Investors generally believe that the move will benefit the long-term development of Hong Kong's civil aviation undertakings, and the participation of the mainland's airlines and cross-strait air routes. Some people in the West say that the British-funded enterprises "are being compelled" to sell their shareholdings. This is sheer nonsense spoken out of prejudice. The market is highly practical. People believe that Swire has been fully successful in acquiring the cooperation of China-funded enterprises.

With regard to the unsuccessful negotiation on the merger between British Telecom and Cable and Wireless, the two participating sides stated that it was difficult to reach an agreement owing to too many uncertain factors involving prices, management system, and

company strategy. British Telecom has occupied major telecommunications market share at home, but the overseas telecommunications business has been dominated mainly by Cable and Wireless. If these two British companies can succeed in their merger, they will become one of the biggest telecommunications companies in the world. This was the reason contributing the efforts repeatedly made by the two companies to seek a merger. However, it is truly difficult to fulfill a dream of establishing a universal telecommunications company. First of all, various different countries have different management systems for telecommunications. Therefore, it is a complicated matter to develop a transnational undertaking. As British Telecom is a shareholder in a U.S. telecommunications company, the merger must be approved by the U.S. authorities. The U.S. side might take this opportunity to ask the British side to open up Cable and Wireless' existing market in exchange. This has increased the worries of Cable and Wireless. Cable and Wireless and the British Telecom have their own partners in Germany, Japan, Sweden, and other countries; as they are competitors, their merger plan is affected.

Although the merger was unsuccessful, Cable and Wireless stated that it would continue to seek business partners in various parts of the world. Cable and Wireless was established during the imperialist period when the "sun never set" on Great Britain. Its major business in the past was telegrams, and most of its income comes from Hong Kong. British Cable and Wireless or its subordinate, Hong Kong Telecom, have maintained stable cooperative relations with China. In the future, there is the possibility for further developing such relations. In recent years, China and Britain have been successful in promoting their economic and trade cooperation. In the middle of this month, British Deputy Prime Minister Heseltine will lead a large delegation of entrepreneurs to visit China again.

After 1997, with the end of the British colonial rule, Hong Kong will become a special administrative region [SAR] of China. According to the guiding principle of "one country, two systems," and under the protection of the Basic Law, the SAR will provide various kinds of capital with an investment environment characterized by equal opportunity, fair competition, and a perfect legal system. This will be more beneficial to consolidating and enhancing Hong Kong's status as a center for international shipping and communications. There is a special clause in the Basic Law which explains the development of Hong Kong's civil aviation undertakings. No special clause in the Basic Law deals with telecommunications, which are most closely related to scientific and technological innovation. However, after the conversion of Hong Kong to China in 1997, this undertak-

ing, no doubt, will be given a new and valuable opportunity. Mainland resources, and scientific and technical strength will be more effectively integrated with Hong Kong's capital and management experiences, as well as international links. The Hong Kong SAR definitely will become an important link of Chinese and foreign information networks, and a main arena for promoting Sino-Foreign cooperation in communications undertakings. Hence, its status as an international information center will be further elevated.

**Hong Kong: EASTERN EXPRESS To Report
Mainly Business News**

HK1405025096 Hong Kong RTHK Radio Four
in English 0500 GMT 13 May 96

[From the "News at One" program]

[PTS Transcribed Excerpt for FBIS] The EASTERN EXPRESS newspaper has sacked a number of journalists prior to its switch from a general newspaper to one dealing mainly with business news. The exact number of journalists dismissed is not known but sources say it could be several dozen. The general sections of the newspaper are worst affected. (Mark Kergino) reports:

[Begin Kergino recording] Journalists arriving for work have been handed letters of dismissal informing them that they will be compensated in seven days' time. The letter says management has decided that rather than compete in a saturated environment of an English general news newspaper, it will now become something unique in Hong Kong with the territory's first English language business newspaper. The exact number of journalists who have been sacked isn't known. But it's been confirmed that the sports, features, and general news desks are all affected. [passage omitted; interviews with laid off reporters]

It's understood that none of the paper's management staff has been affected by the sackings. Neither has any of them agreed to be interviewed so far although the chief editor, Tony Chairs, is expected to arrive for work in the afternoon.

**Hong Kong: EASTERN EXPRESS Reorientation
'Aimed at Survival'**

HK1405085196 Hong Kong HONGKONG
STANDARD in English 14 May 96 p 2

[By Rodney Diola]

[PTS Transcribed Text for FBIS] Analysts said yesterday the move by Oriental Press Group to pull its Eastern Express publication out of the English-language general news market and focus the paper on business news coverage is aimed at survival.

The company yesterday sacked some 40 journalists after announcing it was withdrawing the Eastern Express from the "crowded" English general news market.

The company said that starting from today, the Express would become a "business-oriented newspaper".

"We have decided to change our format to concentrating on business, primarily because the English-language general news market is overcrowded," the paper said in a front-page comment yesterday. Analysts said the paper was trying to cut huge losses.

"They probably think they could find a niche where it would not cost them too much," Paul Lee, an analyst at Vickers Ballas, said. Mr Lee estimates the paper may have lost at least \$70 million during its more than two years in operation.

UBS Securities analyst Kaushik Shridharani said a repositioning of the newspaper could succeed if the company undertook to really expand its business coverage, especially on China. "This will not make the paper a money-spinner but it will keep them alive," he said.

The pull-out left Hong Kong with two English dailies—South China Morning Post and The Hongkong Standard.

Mr Shridharani, however, said it would be a tough sell for the paper to compete with existing business coverage.

He said the paper might arrange a working relationship with business staff of Oriental Daily News, where the business staff have grown to around 50, to improve its China coverage.

"But it has to be demonstrated. Given what is available from China, in terms of quality information, it's very tough," Mr Shridharani said.

Business section staff, who were told about the change last Friday, "remained in shock" over the decision.

But many were not told, especially those on the news, features and sports desks, who were turned away when they arrived for work yesterday.

Oriental Press Group public relations manager Lily Wong said the sackings were part of the paper's move to become Hong Kong's first English-language business daily.

She said that she was "unable at this stage" to give an exact number of staff to be dismissed.

The chairman of the Hong Kong Journalists' Association, Ivan Tong, said the writing had been on the wall for the loss-making paper.

Given the tight English-language market, "they had two options", he said. "One was to close altogether—that would save more money. The second was to aim at a breakthrough, with a business-oriented paper running at a much smaller cost."

It would be difficult for some staff, especially non-Chinese speakers, to find other newspaper work in the territory, he said.

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